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World News

Hungarians approve new basic law for democracy

HUNGARY'S parliament voted overwhelmingly to sweep away the Stalinist elements of its constitution and voted in amendments which will pave the way from a one-party state to a multi-party democracy.

Award for dissident

A Chinese astrophysicist, Fang Lizhi, who has been given refuge in the US Embassy in Peking since last June's pro-democracy protests, was announced as winner of this year's Robert F. Kennedy human rights award.

Japanese scandal

Japan's latest political scandal revolving around the pachinko (pinball) industry brought parliamentary business to a halt.

Indian elections

Prime Minister Rajiv Gandhi announced that elections to key state assemblies would be held simultaneously with the general election in late November.

Conventional forces

Nato and the Warsaw Pact reached agreement in principle on what categories of artillery should be reduced in any future agreement on Conventional Forces in Europe (CFE).

Aid for Sri Lanka

International donors have pledged \$788m in loans to Sri Lanka to support economic reforms, the World Bank said.

PEW writers held

The Czech branch of the international writers' group PEW said it had protested to the government over the arrest of two editors of the leading independent newspaper Lidove Noviny (People's News).

Singapore offer

Singapore is willing to admit more Hong Kong residents to give the British colony more bargaining power before it returns to China in 1997, Prime Minister Lee Kuan Yew said.

Ivory trade banned

A conference seeking to save the African elephant from extinction has banned the ivory trade but Zimbabwe, Botswana and Mozambique said they would not be bound by the ban.

Yeltsin accuses

Boris Yeltsin accused Soviet President Mikhail Gorbachev of trying to purge him from political life.

Bomb in Rome

A small bomb exploded at a Rome building site, the second such attack in a month on construction companies involved in preparations for the 1990 World Cup finals in Italy.

Soviet-Turkish trade

The Soviet Union and Turkey signed a protocol that envisages a fourfold increase to \$4bn of annual bilateral trade.

Lebanese kidnapped

Three gunmen kidnapped a Lebanese Christian professor, Shawkat Baya, in Syrian-controlled Moslem West Beirut.

Business Summary

China crisis halts output from car joint ventures

CHINA'S mounting political and economic crisis is bringing all joint ventures with foreign car manufacturers to a standstill.

WHITEHEAD, UK brewing and retailing group, has put up for sale its wine and spirits division which City analysts say could be worth up to \$750m.

RENAULT of France and DAF of the Netherlands are to join forces for the first time to develop a new range of light commercial vehicles to be produced in both France and the UK.

PEUGEOT, the worst ever strike at Peugeot, French car-maker, appeared to be weakening, although the group was still awaiting a response to its final wage offer.

BANKERS TRUST, New York bank, is to make a \$1.6bn special provision for possible losses on Third World debt, making it one of the most heavily provisioned of the US banks.

HONEYWELL, US electronic controls and avionics group, reported sharply higher third-quarter earnings of \$74.4m, or \$1.73 a share from a loss of \$41.4m or 96 cents a share.

WARTSILA, Finnish diesel, securities and sanitary equipment group, acquired a 60 per cent stake in Dutch diesel company, Stork-Werkspoor Diesel.

HAWKER Siddeley, UK engineering group, hopes to sell businesses which account for about a quarter of annual sales of \$2bn (\$316m).

EUROPEAN investment in the EC will turn down slightly next year, according to the European Commission's annual report.

POSEIDON, Australian gold company controlled by Robert Champion de Crespigny, is to raise \$533m (\$243m) through a share placement and rights issue.

RABORANK, big Dutch co-operative bank, paid Ft 60m (\$2.2m) to buy a 1.25 per cent in Banco Popular, one of Spain's commercial banks.

KALMAR Industries, Procordia, Swedish state-owned holding group offered its forklift truck subsidiary for sale in a continuing shake-up of the industry.

ORIX Corporation, largest Japanese leasing company, formerly known as Orient Leasing, has set up a specialist corporate finance company via Orix Europe, a subsidiary of the European holding company.

BOND Corporation's complex \$2.5bn (\$1.97m) brewing deal with Lion Nathan of New Zealand will not be set formally into motion for another two weeks.

TOKYO Stock Exchange may settle by the end of the year the issue of allowing UK securities firms Barclays de Zoete Wedd and James Capel to obtain membership.

PHILIP MORRIS, US tobacco and food group which last year doubled its food business by buying Kraft, said third-quarter net earnings rose 20 per cent to \$745m.

UNIT Trusts: technical problems on exchange lines meant that some unit trust/insurance bond prices were not updated in today's editions of the FT.

Honecker removed after 18 years in power

By Leslie Collitt in Berlin



Erich Honecker: released

VETERAN East German leader Erich Honecker stepped down yesterday after 18 years in power following mass street demonstrations in support of political reforms.

Mr Honecker's retirement "on grounds of health" amounted to an ignominious departure only 11 days after he celebrated his country's 40th anniversary with the visiting Soviet leader, Mr Mikhail Gorbachev.

Leipzig in the country's biggest demonstration. Last night, Mr Gorbachev sent congratulations to the new East German leader, stressing his conviction that he would be "sensitive to the needs of the time."

Two of Mr Honecker's chief Politburo aides, Mr Gunter Mittag, the economic chief, and Mr Joachim Herrmann, responsible for Party propaganda and the media, were also ousted at the Central Committee meeting.

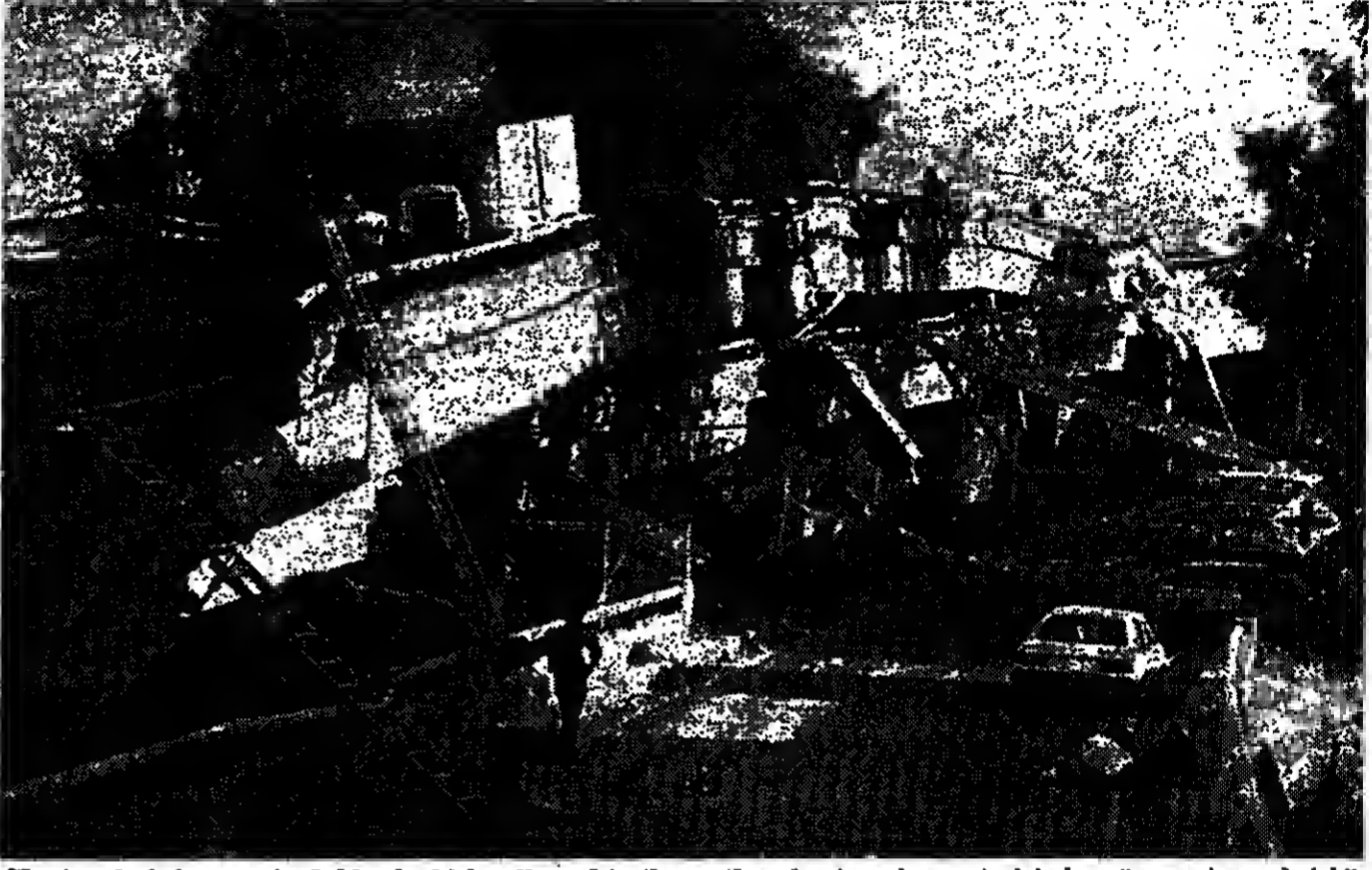
He said the Party had failed to evaluate realistically "social developments" and promised that a "turning point" would take place in which the Party would regain the "political and ideological offensive."

Bush pledges San Francisco disaster relief

By Louise Kehoe in Monterey and Peter Riddell in Washington

AT LEAST 272 people died and 650 were injured in the earthquake which destroyed buildings and broke lines of communications throughout the San Francisco Bay area of northern California.

broken windows, fires, and disruption of power, telephone, water and other services for more than 1m people.



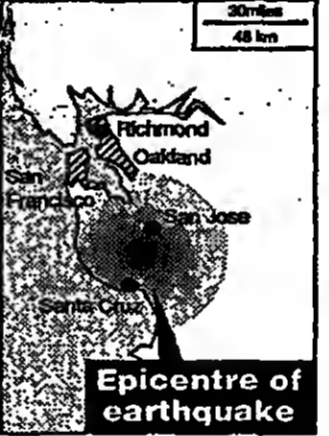
The two-deck freeway in Oakland which collapsed in the earthquake, trapping motorists in a "concrete sandwich"

The earthquake, the worst in the US since the one that devastated San Francisco in 1906, registered 6.9 on the Richter scale of severity and was centred on the San Andreas Fault north-east of Santa Cruz and south of San Francisco.

Santa Cruz, a seaside town famous for its boardwalk, which was near the epicentre, was badly hit with much of its downtown shopping area reduced to rubble.

Insurers suggest losses may be limited

By Our Foreign and Financial Staff



Epicentre of earthquake

INSURERS shared a cautious belief yesterday that losses from the earthquake will be limited, with some estimates as low as \$1bn.

Most damage was to infrastructure, such as roads and bridges. Most buildings seemed to have remained intact.

Investment in Gwent is at an all time high, industry and commerce are meeting the challenges of the 90's and Gwent is set for an exciting and prosperous future.

South Africa reschedules debt on eve of sanctions debate

By Patti Waldmeir in Johannesburg and Robert Mauthner in Kuala Lumpur

SOUTH AFRICA and its foreign creditors yesterday announced a surprise agreement to reschedule repayment of \$8bn of the country's debt, a defeat for anti-apartheid activists who had pressed creditors to refuse a rescheduling.

believing that such financial sanctions were its most powerful weapon against Pretoria.

Anti-apartheid lobbyists, both inside South Africa and abroad, had pressed commercial banks holding debt covered by the country's 1985 debt standstill to refuse to renew the current rescheduling agreement, which expires in June next year.

The timing of the announcement was dramatic, coming as Commonwealth heads of government prepared to debate the issue of economic sanctions against South Africa at their summit in Kuala Lumpur, Malaysia.

Mr Abdul S Minty, who is attending the summit on behalf of the Anti-apartheid Movement, said the agreement "changes the whole situation."

Banks had been under pressure to agree, if at all, to annual reschedulings only. This would have caused significant disruption for Pretoria and allowed the anti-apartheid movement political leverage over South Africa during the crucial 1990-1991 period, when the country also has substantial repayments to make on debt not covered by the standstill agreement.

MARKETS

Table with market data including Sterling, Dollar, Stock Indices, and various financial instruments.

CONTENTS

Table of contents listing various articles and their page numbers.

Advertisement for Gwent featuring the slogan 'Make it in Gwent' and 'Gwent Better Connected'.

EUROPEAN NEWS

E Germany braced for rule by the hardliner nobody loves

By Leslie Collett in Berlin

MR EGON KRENZ, who succeeded Mr Erich Honecker yesterday as the East German Party leader and President, comes to power with the ominous reputation of being even more of a hardliner than his 77-year-old mentor.

Mr Krenz is faced with rising popular unrest and an organised opposition movement which could soon put his reputation to the test.

The people cannot get much worse," one East Berlin office worker. Mr Krenz's reputation suffered further last June during a visit to West Germany when he supported the crackdown in China on the democracy movement.

charge of the Free German Youth Organisation (FDJ), he was wholly out of touch with the bitter mood among young East Germans. Tens of thousands flocked to the West in recent months although the Party continued to trumpet its role as the vanguard of youth.

Mr Manfred Stolpe, a leading East German Protestant Church official and expert on the Politburo, said recently that the rise to power of a tough "law and order" leader would be resented.



Krenz: an informal manner which contrasts with his predecessor's

Cracks appear in solidarity of Peugeot unions

By William Dawkins in Paris

THE WORST ever strike at Peugeot, the French car-maker, yesterday appeared to be weakening, though the group was still awaiting a clear response to its final wage offer.

peants. Peugeot's largest, is 35,000. The dispute has roughly halved their production for the past seven weeks and deprived Peugeot of nearly 4 per cent of this year's turnover.

fact that in many countries, perhaps in most, the liberal model will be spurred by political leaders who are not the least liberal: the "manipulators" of pluralist democracy and market economics will not prevail over cruder and more brutal systems of government.

IAN DAVIDSON ON EUROPE

nomies, in Europe, East and West, there continues to be a profound ideological debate over forms and systems of government.

Second, the press of events in Eastern Europe, and the integration of Western Europe, are forcing Europeans to debate their political and economic priorities.

CFE agrees what guns to cut

By Judy Dempsey in Vienna

AFTER AN intense round of negotiations in Vienna, Nato and the Warsaw Pact have reached agreement in principle on what categories of artillery should be reduced in any future agreement on Conventional Forces in Europe (CFE).

Philips attacks US trade policy

By Guy de Jonquieres, International Business Editor

PHILIPS of the Netherlands, one of Western Europe's largest electronics manufacturers, yesterday accused the US of creating a "fortress" by excluding foreign companies from the Sematech semiconductor technology consortium.

News of the End of History fails to reach Europe

The pot is still boiling merrily despite Fukuyama's attempts to snuff out the fire

MR FRANCIS Fukuyama, formerly of the Rand Corporation and now of the US State Department, has attracted an inordinate amount of attention with his proclamation that we have reached The End of History.

Portuguese Government approves privatisation law

By Patrick Blum in Lisbon

THE Portuguese Government has approved a new privatisation law allowing it to fully sell state-owned companies nationalised during the 1976 revolution.

universal acceptance of Mrs Margaret Thatcher's brand of free-for-all, he is simply ill-informed about this side of the Atlantic.

Some of the protagonists conduct their side of this debate purely in the primitive, slavish terms of national sovereignty. For them, history ended with the creation of the nation-state; its prerogatives override all other considerations, and the less there is of Europe, the better it will be.

in which economic and monetary union would be a symptom of political integration. But the undercurrents of their debate goes well beyond a shallow argument over national sovereignty and reaches down into a deeper quarrel over social values.

Third, it is simply absurd to imagine that social values and political ideology will remain enshrined in the nation state, whereas the Community can be ideologically neutral in the process of building the Community.

But this argument is not really about the competence: it is about fuzziest notions, like individualism versus solidarity, violence versus security, freedom versus bureaucracy.

At the same time, 35 members of the Supreme Soviet sent a letter to Mr Gorbachev, demanding full details of why he had attacked another leading radical deputy, Mr Yuri Afanasyev, and Mr Starikov, at last Friday's meeting.

Surprise candidate runs for Turkish presidency

By Jim Bodgerson in Ankara

A SURPRISE candidate for the Turkish presidency emerged yesterday from within the ruling Motherland Party (ANAP) in the form of Mr Fethi Celikbas.

By Tim Dickson in Brussels BRUSSELS competition officials believe that a six-month-old routes and fares agreement between the French national carrier, Air France, and its domestic counterpart, Air Inter, is anti-competitive.

EC deadline near for air deal

By Tim Dickson in Brussels

BRUSSELS competition officials believe that a six-month-old routes and fares agreement between the French national carrier, Air France, and its domestic counterpart, Air Inter, is anti-competitive.

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Brussels forecasts 3% Community growth next year

By David Buchanan in Brussels

THE RATE of growth and fixed investment in the European Community will turn down slightly next year, according to the European Commission's annual economic report released yesterday.

It is not only a case of a threat to Mr Starikov," he said. "It is a threat to all our colleagues who have the courage to speak out. It is a threat to the freedom of expression."

EC exchange rate stability in the Community

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Kremlin denies rift with press reformers

By Quentin Peel in Moscow

A TOP member of the Soviet leadership yesterday denied reports of a split between the Kremlin and the most outspoken reformers in the Soviet press, as journalists confirmed that a senior newspaper editor was fighting for his job.

He insisted that the meeting did not represent a confrontation between the press and the leadership, but he failed to reassure a delegation from the International Press Institute about the threat to the job of Mr Vladimir Starikov, editor of the mass circulation weekly Argument i Fakt.

At the same time, 35 members of the Supreme Soviet sent a letter to Mr Gorbachev, demanding full details of why he had attacked another leading radical deputy, Mr Yuri Afanasyev, and Mr Starikov, at last Friday's meeting.

It is not only a case of a threat to Mr Starikov," he said. "It is a threat to all our colleagues who have the courage to speak out. It is a threat to the freedom of expression."

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EC bank sector voices fears over liberalisation

By Peter Montagnon, World Trade Editor, in Brussels

BANKING should be singled out for special treatment in the Uruguay Round negotiations on liberalising international trade in services so as to ensure that the quality of prudential supervision is retained, Mr Umberto Burani, Secretary General of the European Community Banking Federation, said yesterday.

"We do accept the principle of global negotiations on trade in services, but we do not accept the principle of horizontal negotiations - that is, trading off banking services against other services," he said in an interview.

Mr Burani said his federation, which represents banks across the Community, had written informally both to the Commission and national governments seeking assurances on this point.

Evidence of European concern over the issue of banking is likely to worry trade policy-makers who have been seeking agreement on liberalising services in the Uruguay Round of the General Agreement on Tariffs and Trade. They are concerned that any global agreement will quickly become fragmented if special treatment is accorded to such an important sector as banking.

Mr Burani said the Commission had not yet replied to his request for special consideration but the problems he referred to are already mirrored by arguments in Washington over whether the US Treasury or the US Trade Representative's Office (USTRA) should have responsibility for negotiating on banking.

As a temporary measure, the USTR is taking the lead on negotiations involving prudential supervision while the Treasury has assumed responsibility for discussing points of substance, but fundamental differences between the two sides remain.

UK exporters fear the 'zero option' for credits

Peter Montagnon on the uncertain future of the British department responsible for backing exports

A CHILL wind of uncertainty is swirling round the project division of Britain's Export Credits Guarantee Department (ECGD) in the wake of reform discussions provoked by publication of the Kemp Report on the department's future earlier this year.

Mr Robert Kemp, a former senior official of ECGD, recommended in his report that the department's profitable short-term insurance division should be spun off into a separate company that could compete for business in Europe and might eventually attract private capital.

But with a subsequent report by an inter-ministerial working party endorsing this idea now before Mr Nicholas Ridley, Secretary of State for Trade and Industry, attention has been turning to the question of where this leaves ECGD's other half - the beleaguered project division, which handles all Britain's long-term export credit guarantees.

Anxiety among exporters has grown as it has become clear in the discussions surrounding the Kemp Report that the Treasury has strong reservations about the value of retaining the Project Division, or indeed of continuing to subsidise the interest rate on medium-term export credits to poor countries as is permitted under the international rules set by the Organisation for Economic Co-operation and Development.

It is regarded as scarcely a coincidence in the exporting community that last week the ECGD sprang to its own defence with the release of an independent report on its Project Division by Ashridge Management Develop-

CANADA has exhausted its funds allocated for concessionary financing for the current fiscal year and will make no fresh money available until next April to help exporters cement foreign contracts by offering preferential payment terms, writes David Owen in Toronto.

The decision is likely to place Canadian companies competing for business in developing countries at a considerable disadvantage for the rest of the year. A growing number of such nations have come to expect preferential terms in certain projects as a matter of course.

Companies' past successes in landing overseas contracts have

already forced Ottawa to budget for sharply higher concessionary loan disbursements, despite efforts to trim the federal budget deficit.

The Government expects to provide C\$125m (£67.2m) of such funding in the current fiscal year, against only C\$75m in 1988-9. The rise has come at a time when bona fide foreign aid expenditures are being slashed relentlessly.

Canada and the US recently revived a campaign to encourage fellow members of the Organisation for Economic Co-operation and Development to reduce the extent of their concessionary financing.

ings from the Government's consolidated fund and the \$6bn in sovereign debt reschedulings it has undertaken since 1982, and have said the situation is getting worse rather than better.

Additional rescheduling by Jordan and Cameroon in the past year will mean a further increase in its losses for the year to the end of March 1989 when the accounts are eventually published. Even some of the debt insured since the debt crisis broke is now going sour and there will have to be a further substantial increase of loss provisions in the next set of accounts.

None of these arguments is new but the vehemence with which they are now being advanced by the Treasury has set alarm bells ringing in boardrooms of big companies such as GEC, ICI, Rolls Royce and Trafalgar House which have long relied on ECGD sup-

ported to win large overseas projects. Though they are coy about going on the record with their concerns, companies such as these have been busy lobbying their Whitehall contacts to ensure that the Treasury arguments are dismissed.

Leading capital goods exporters generally now reluctantly accept that ECGD's short-term insurance division needs to be set free to compete in Europe after 1992, but they are worried that this would leave the loss-making Project Division permanently exposed to precisely the kind of attack it is now facing.

Without ECGD help in supporting their contracts, they fear they would be unable to compete against companies from other countries where export credit support is readily available.

ECGD support in difficult markets is vital, they add, to ensure that a British presence is maintained against the day when the recession affecting many developing countries finally ends. For the first 65 years of the Department's existence the Project Division made a profit, a record which was only broken by the exceptional circumstances of the developing country debt crisis.

But exporters worry that these arguments do not seem to impress the Treasury which argues that the current guarantee system encourages Britain to ship exports for which the buyer fails to pay. At the end of the day there is thus no real contribution to the balance of payments.

The net export flow to middle income and poor developing countries

supported by ECGD is small at only £1bn so that the effect to the economy as a whole of withdrawing such support would be small. Similarly the £255m average annual cost of interest subsidies, which is born directly by the Treasury rather than the ECGD, is high compared with the volume of exports actually won.

Insiders who have followed the debate closely say they do not expect the Treasury argument to win through at the end of the day. Given the current very poor trade figures it would be politically difficult to convince the public of the economic rationale for doing away with the long-and-medium-term export support, but they acknowledge that with his proposal to split ECGD in two Mr Kemp has opened up the UK's long-term export credit support to closer and more critical scrutiny than ever before.

The greatest fear in the exporting community is that Mr Ridley, who is expected to announce his decision on the Kemp Report recommendations in November may be swayed by the Treasury argument.

At present he is an unknown quantity in the Department of Trade and Industry which he took over in the summer's reshuffle, but he is noted for his free market views and his habit of setting his own convictions before public opinion. It is an outside chance at present but these qualities could just lead him to make of Britain the first leading industrial country unilaterally to abandon all forms of official medium-term export credit support.

Soviet gas 'could find UK market'

By Quentin Peel in Moscow

THE Soviet Union could become a natural gas supplier to Britain to finance increased British imports and repay the investments of joint ventures in an extension of the Soviet gas pipeline to West Germany.

Lord Trefgarne made his proposal at the latest meeting of the UK-Soviet joint economic commission, as part of a plea for new ways of financing Anglo-Soviet trade in the light of a chronic hard currency shortage in Moscow.

There is a huge disparity between Soviet and British statistics for bilateral trade, with the Soviet Union suggesting that the overall level increased 14 per cent, while the British figures showing an absolute decline, from £1.5bn in 1987 to £1.2bn in 1988.

The two sides are committed to seeking a 40 per cent increase in trade by the end of the decade but, although there has been a 10 per cent improvement so far this year, most of the increase is in Soviet oil sales and British grain exports, Lord Trefgarne said.

The squeeze on foreign exchange was affecting all aspects of the relationship, he said.

As far as British lines of credit were concerned, he said that more money was on offer than the Soviet Union was ready to accept.

"They take an admirably prudent Victorian view of borrowing," he said. "One can only admire them, although it may not be very good for British exports."

Austrian group in joint venture to build Burmese hotels

THE Burmese Government, in a move to promote the tourist industry, has agreed to establish three five-star hotels at the main tourist centres of Rangoon, Mandalay and Pagan, under a joint venture with OIAG of Austria, writes Chit Tun in Rangoon.

According to official sources, the hotels will cost an

estimated \$110m, 65 per cent of which will be in foreign exchange and 35 per cent in Burmese currency. Construction of the hotels will begin next year, for completion in 1993, and they will provide 434 rooms in Rangoon, 176 in Mandalay and 150 in Pagan, which is in central Burma.

Under the joint venture,

recently signed at Vienna, for 15 years after completion the hotels will be managed by the two partners - OIAG, the Austrian holding company for state groups, and Burma's government-owned Myamma hotel and tourism enterprise.

At the end of the 15-year period, ownership of the hotels will revert wholly to the Bur-

mese partner.

At present Burma has only 16 hotels which cannot provide sufficient international-standard accommodation for the comparatively small number of tourists. The annual total of tourists averaged about 41,000 before the trade received a severe shock during the political upheaval and collapse of law and order in August and September last year.

The military government, which took over in September last year, has taken steps to revive tourism and expects that, with the return of normality and the new "open door" economic policy, tourists will increase.



Moscow and Ankara to expand trade links

By Jim Bodgener in Ankara

TRADE links between Turkey and the Soviet Union will expand rapidly, according to a protocol signed yesterday in Moscow. An increase in annual bilateral trade has been targeted to reach \$4bn compared with about \$1.5bn this year and two more border crossings will be re-opened into east Turkey.

The protocol was signed by Mr Ekrem Pakdemirli, the Turkish Finance and Customs Minister, and Mr Lev Voronin, Soviet First Deputy Prime Minister.

The two border gates are at Ahurvan and Nakhchivan, bringing the open border crossings in the east to four.

The other two are at Dogukapi and Sarp - the latter was re-opened last summer in a blaze of publicity vaunting the current warming of Turkish-

Soviet relations. But so far it has bolstered tourist and cultural exchanges, rather than trade.

The protocol also provides for a \$50m credit from Turkey to the Soviet Union, in support of construction contracts to Turkish companies for Soviet light industrial plants.

Turkish imports of Soviet natural gas via a pipeline constructed from the Bulgarian border up to Ankara will total 6,000m cubic metres by the early 1990s. The feasibility of the second pipeline across the eastern border is being investigated.

Other areas of co-operation canvassed in the protocol include iron and steel production, railway construction in Turkish Thrace and a rail link between Iraq and Turkey.

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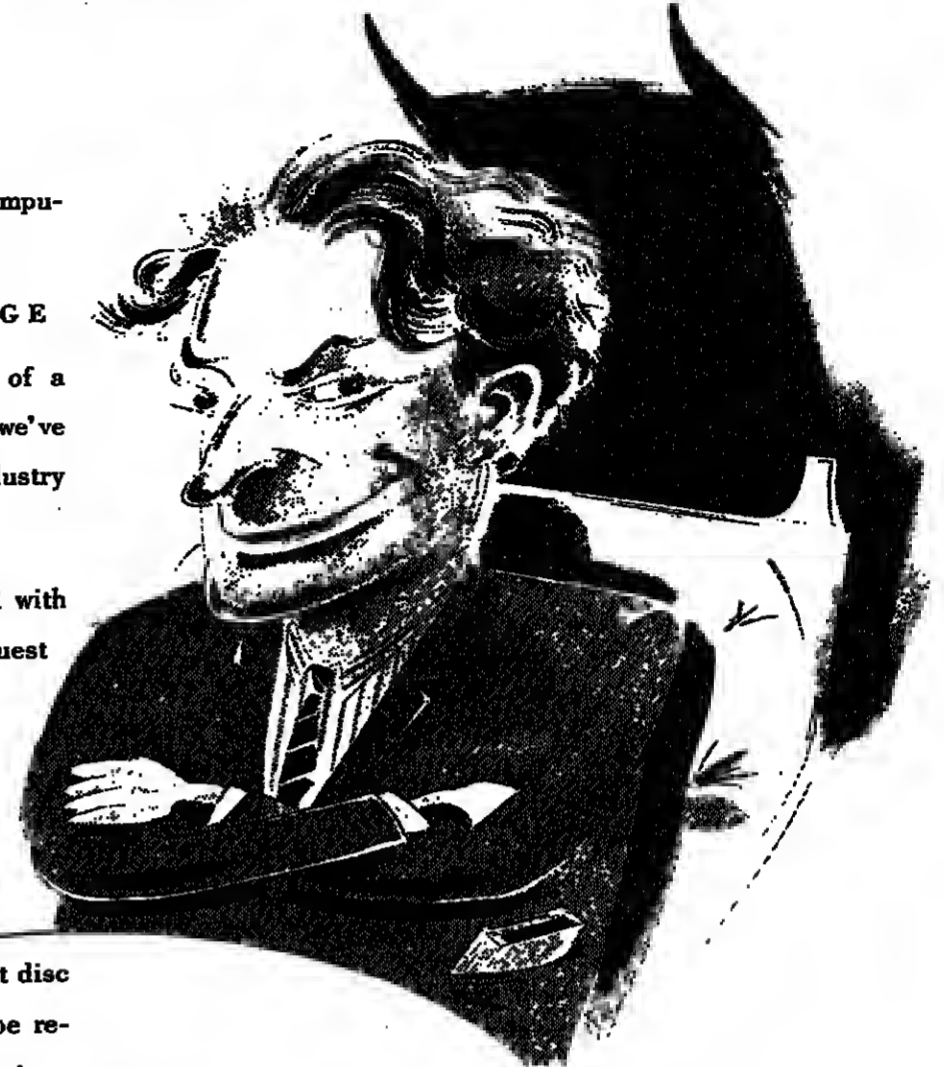
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B

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these functions with the computing power of the Portfolio.

THE ATARI RANGE The Portfolio is just one of a number of bombshells we've dropped on the computer industry recently.

Another is the Atari PC4R with removable hard disk, or SyQuest as it's better known.

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it's no larger than a compact disc case. So data can easily be removed and locked away at any time.

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SAN FRANCISCO BAY EARTHQUAKE

Networks bring an American tragedy live to the world

By Peter Riddell, US Editor, in Washington

IT WAS a peculiarly contemporary tragedy - witnessed and shared by tens of millions of Americans live on television as the horrors emerged in a confused pattern during Tuesday evening.

62,000 was packed into the Giants' home to see whether they could avenge their two defeats over the weekend.

works, which offered continuous coverage during the evening. The extent of the damage and casualties was at first uncertain as communications broke down.

star newscasters - quickly returned to their New York studios to lead the coverage, thus fulfilling their role as national spokesmen in time of disaster.

you couldn't see anything. It was just a big white cloud. You could hear people screaming for help. This disaster apart, the picture gradually emerged of widespread damage - broken windows, buildings collapsing, holes in roads, gas leaking, power lines out, airports and bridges closed - but, surprisingly, not as many casualties as initially feared.

a five-minute period, and communications remained difficult yesterday. By dawn yesterday in the Bay area, it was apparent that, for all the efforts of federal and state disaster services, the damage would take many weeks and months to repair.

EARTHQUAKE IN SAN FRANCISCO

BUSINESS QUARTER OF THE TOWN WRECKED AND BURNED

THOUSANDS OF LIVES LOST

NEW YORK 18th April - A serious earthquake occurred at San Francisco this morning. It was felt most severely in the South Market Street district, in the business quarter.

The oscillations burst the water mains, but the out-rush did not check the spread of fire. The first shock occurred at 5.13, about daybreak, and was quickly followed by others.

SAN FRANCISCO FIRE

CITY DOOMED TO DESTRUCTION - ESTIMATED DAMAGE £20m

POSITION OF INSURANCE OFFICES

NEW YORK 19 April - A despatch from Oakland at noon today says: "The fire engines are returning. Their task is hopeless as there is no water. The entire city is doomed. The flames have spread to Nob Hill, one of the residential sections of the city."

General Funston, in command of the troops in the district, in a message to the Secretary of War in Washington, asks for thousands of tents to accommodate the homeless sufferers.



The remains of three-story buildings are propped up in the street in San Francisco's Marina District after sliding off their foundations and collapsing. Gas-fueled fires are raging in the distance of the blocked streets.

Silicon Valley may bear the brunt of damage to industry

By Our Foreign and Financial Staff

THE San Francisco Chronicle, one of the city's dailies, did not let itself be put out of business by anything so paltry as an earthquake.

Francisco Bay area yesterday was causing delays to services. Telephone companies urged customers not to place calls to the area except in an emergency for at least 24 hours.

gas leaks. The downtown financial district was completely without power yesterday morning. The Mayor of San Francisco has asked most people to stay at home, so there were few people working except in areas where there was normal power.

Transport

Perhaps the most crucial link in the area's transport network, the Bay Bridge, is badly damaged and is closed.

High technology

Nearly all of the high technology manufacturing industries of Silicon Valley, the heart of the US semiconductor and computer industries, have closed shops.

Oil prices

Oil prices were initially marked up by as much as \$0 cents a barrel in the Far East amid fears that refineries and pipelines in the Bay area may have been damaged, requiring fresh supplies of petroleum products from elsewhere.

Seismology an infant science

By Della Bradshaw

AS the full scale of the devastation from the Californian earthquake emerges, the inevitable question is why seismologists could not predict the timing and scale of the quake.

eventually puts the rocks under so much pressure that a section snaps off, causing the earthquake. Even though earthquakes prediction received a fillip, and a consequent high public profile, when Chinese scientists accurately predicted the big quake in their country in 1975, earthquake prediction as a science is still in its infancy.

duced by the fault. In the end many scientists believe one of the best ways of predicting seismic activity is the age-old one of observing the behaviour of animals, snakes and other creatures which generally live in burrows or underground tunnels reportedly appear in large numbers above ground, and dogs and birds become active and noisy.

Engineers puzzled by road failure

By Clive Cookson, Technology Editor

THE unexpected collapse of bridges and an elevated highway is causing most concern to engineers studying the aftermath of the San Francisco earthquake. Most buildings withstood the tremors without structural damage.

All three airports in the Bay Area are running. San Francisco International was closed overnight but opened at 6am local time yesterday morning. The only damage to San Francisco was to the air traffic control building, which is missing a ceiling and windows.

But small Silicon Valley semiconductor manufacturers could be the worst hit by the disaster. Their processes involve sensitive technology and clean environments, all of which are likely to be damaged. Software companies are not likely to be vulnerable, except insofar as their hardware is damaged.

Table with 4 columns: Date, Richter, Location, Effect. It lists major earthquakes from 1906 to 1988, including San Francisco, California; Los Angeles, California; Tangshan, China; Bucharest, Romania; Tabas, Iran; Southern Italy; North Yemen; Eastern Turkey; Mexico City; Tokyo, Japan; Los Angeles, California; Westmoreland, California; Armenia, USSR.



But another British earthquake expert, Dr Scott Steedman of Cambridge University, said it would be a mistake to put too much emphasis on the structure of the bridge itself. "I believe that these horrific failures are not structural failures but ground failures."

Another possible cause of collapse is that there may have been catastrophic failure in the joints or bearings which allow bridges to expand and contract as the temperature changes.

damage is assessed. They said there could be big pay-outs on company life policies, which will be particularly costly with the reinsurance market on business interruption policies and life policies.

ited by the fact that there were no widespread fires as was the case at the beginning of the century. On the other hand, in contrast to 1906, insurers are likely to face claims for incidental losses such as interruption of business. These will take time to emerge but are likely to be extensive, particularly if electricity supply is disrupted or commercial and industrial buildings need to be shored up. Damage to automobiles could also produce a rash of claims.

Insurers sanguine about costs

By Patrick Cockburn in London and Jamie Buchan in New York

THE international insurance industry was yesterday generally sanguine about the extent of losses caused by the San Francisco earthquake. Meanwhile on Wall Street, insurance and reinsurance stocks soared in value as investors bet that the earthquake losses will force the companies to abandon their current price war and raise premium rates.

Comparing the disaster to the 1906 earthquake, insurance experts say losses may be limited by the fact that there were no widespread fires as was the case at the beginning of the century.

Wall Street believes the earthquake and fire losses together will exhaust the insurers' loss reserves and force them to raise premium rates and seek cover in the reinsurance market.

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UK NEWS

Labour call for clarification on Walters' position

By Philip Stephens, Political Editor

THE opposition Labour Party yesterday called on Mrs Margaret Thatcher, the Prime Minister, to dissociate herself from her chief economic adviser Sir Alan Walters over his stated position on the European Monetary System.

Sir Alan was reported in this week's Financial Times as referring to the EMS as "half-baked" and adding that arguments for the exchange rate system have "never attained even a minimum level of plausibility".

His remarks were seized upon yesterday by senior Labour spokesmen who claimed they were evidence that the Government's policy towards taking sterling into the system remains in disarray.

The Government is expected to agree to a full-scale House of Commons debate on the economy next week - probably on Tuesday - but Mr Lawson is likely to be pressed on Sir Alan's comments when he answers Treasury questions in

the Commons later today.

Whitehall officials insisted that the Government's position on the EMS had not changed and that it would join when the conditions laid down at the Madrid European Summit were met. The Prime Minister's office said that no efforts had been made yesterday to seek clarification of his position from Sir Alan.

Mr Nigel Lawson, however, was said to be irritated by Sir Alan's intervention as it will be used by Labour to exploit the differences on exchange rate policy which emerged last year between the Chancellor and Mrs Thatcher.

Mr John Smith, Labour's chief economic spokesman, said that "the open hostility" of Sir Alan to full British membership of the EMS was in direct contradiction to the views of the Chancellor. The credibility of the Government's exchange rate policy was being "fatally undermined", he added.

Government proposes reform of arts finance

By Antony Thornicroft

THE most far reaching changes in the administration and financing of the arts in the UK for over 40 years were proposed yesterday in a Government discussion paper "Supporting the Arts".

Among the main recommendations are a merger of the Crafts Council with the Arts Council; a reduction in the number of Regional Arts Associations from the current 12 to seven; and a cut in staff levels at the Arts Council, and among the RAA's, from 500 now to 400, by 1993.

The Government suggests that the proposals will save £2m a year, which should be devoted to the arts. The Minister is to seek the comments of all involved until the end of the year but will probably introduce legislation incorporating most of the reforms in 1990.

The remaining RAA's would have extra powers. The report suggests that their chairmen should join the board of the Arts Council and that they should be responsible for the distribution of more money to their local arts groups, at the expense of direct funding from the Arts Council in London. At the moment the Council gives £30m of its annual grant of £155m to the RAA's for distribution.

An intermediary group of arts client would be created, making three levels in all - a few large national and regional arts companies, like the Royal Opera House Covent Garden, and Opera North, funded directly by the Arts Council; a new group of medium sized companies for whom the RAA's would recommend the size of grant to be distributed by the Arts Council; and the mass of small companies and individual artists who would receive grants directly from their local RAA.

Mr Richard Wilding, a former civil servant in the Office of Arts and Libraries and author of the paper envisages a bigger role for business supporters of the arts in the RAA's. There is likely to be widespread opposition to the proposals.

Competing TV news groups to be sought

By Raymond Snoddy

THE Government has decided to proceed with legislative provision for a second national commercial television network in competition with Independent Television News, subject only to the protection of high standards.

The broadcasting bill to be published by early December will say that the Independent Television Commission, the body which is to replace the Independent Broadcasting Authority, "will be required" to licence a second or even third provider of national and international news for the independent television system.

The ITC will, though, have the discretion to appoint a single news company if it believes competition would prejudice the provision of quality news.

A competing commercial news network could undermine the economics of ITN, a wholly owned subsidiary of the ITV companies, and strengthen the position of the BBC as a news broadcaster.

Unlike the ITV franchisees, television news companies will not be appointed by competitive tender. They will be given a 10 year contract after an assessment by the ITC.

Sir David Nicholas, chairman of ITN, said last night he was pleased with Government plans. The rules on quality gave ITN he believed "an

anomalously privileged position against the general market philosophy (of the bill)."

Mr George Russell, chairman of the IBA and a former chairman of ITN is believed to oppose having competing national commercial television news services.

The bill will make clear the Government wants:

- The simultaneous transmission of high quality national and international news to all the new Channel 3 (as ITV will be called in future) licence holders in peak viewing hours (though not necessarily by the same news organisation).
- Channel 3 companies will not be able to have a controlling interest in the news companies and external investors will be able to own up to 20 per cent.
- Only Channel 3 news organisations will be licensed by the ITC, but news providers to Channel 4 and the new Channel 5 will also be expected to provide high quality national and international news.

The Government has rejected pleas from British Satellite Broadcasting, the satellite television group, for rules aimed at limiting the cross media ownership of Mr Rupert Murdoch, chief executive of News Corporation, which owns five national newspapers in the UK and Sky Television's four satellite channels.

Coal supply hitch threatens to upset power sell-off timetable

By Maurice Samuelson

THE GOVERNMENT'S precarious timetable for privatising the electricity industry appeared under renewed strain last night because of a sudden hitch on future coal supplies for power stations.

After two promising negotiating rounds with British Coal about replacing the present informal arrangements with commercial contracts, a statement by an electricity official on how British Coal should structure its price led to a public row.

Mr Ed Wallis, chief executive of PowerGen, which will inherit 30 per cent of the power stations in England and Wales, said in London that he wanted British Coal to quote pit by pit prices based on individual production costs and quality.

He claimed that this also reflected the view of National Power, its sister generating company, which will also inherit the modern nuclear stations of the Central Electricity Generating Board.

With fuel representing 60 per cent of the cost of electricity, Mr Wallis said, that was the only way in which power stations could operate in the new competitive electricity market due to come in force next year.

Individual pit coal prices would replace the present arrangements, under which British Coal quotes a single

price for its product, with a cheaper marginal tonnage related to world prices.

Mr Malcolm Edwards, British Coal's commercial director, who is heading its coal negotiating team, said there was no question of adopting the course proposed by Mr Wallis.

He said British Coal would continue to quote a single price, reflecting power stations' physical ability to switch to imports and oil.

Mr Wallis said that if his company did not get its coal costs down it would be undercut by competitors burning oil, gas or cheaper imported coal.

Average British Coal prices of £2 per gigajoule (a metric measurement of heat) compared with £1.50 per gigajoule for coal currently available to Thameside power stations and with the £1.60 price for oil delivered at power stations.

With British Coal also containing more sulphur than many foreign coals, PowerGen also had a further incentive to switch to alternative supplies in order to meet environmental pressures on acid rain emissions.

Of the 27m tonnes of British coal burned annually in PowerGen's power stations, all but 5m tonnes could be replaced with alternative fuel if British Coal did not offer an acceptable price, said Mr Wallis.

Despite his tough remarks, Mr Wallis insisted he was "not rattling sabres." He later said that in the first year of electricity privatisation, British Coal was likely to retain 70m tonnes of the 75m tonnes a year which it currently supplies to the CEB.

Over the following two years, however, that could drop to 60m tonnes a year.

If that happened, British Coal would have to find new outlets, such as major industrial customers, for its lost tonnage, or close about 15 more collieries with the loss of another 15,000 redundancies.

Bank error leads to £2bn pay-out to companies

By Alan Cane

A MINOR ERROR by a bank official has resulted in one of the UK clearing banks accidentally paying out some £2bn to UK and US companies.

The mistake was exaggerated by the efficiency of the banks' automated inter-bank clearing system, CHAPS, which is responsible for the daily movement of billions of pounds between the UK's 14 clearing banks. The entire £2bn was paid out within 30 minutes.

According to the trade newspaper Computer Weekly which reports the incident today, the bank concerned has asked all the recipients to return the funds but all the money has not yet been recovered.

The Association of Payments Clearing Services (Apacs) which oversees payments clearing in the UK confirmed yesterday that funds had been transferred in error but

refused to name the bank concerned.

It seems that an official, in preparing a CHAPS payment instruction, failed to enter the date. A fault in the computer software allowed the instruction through and duplicated it. The funds were therefore transferred twice. The fault is understood to lie in the bank's own software and not the CHAPS system.

The Institute of Electrical Engineering and the British Computer Society warn of the need for better quality controls on software to be used where lives could be at stake in a new report.

Commissioned by the government, the report emphasises the difficulty of ensuring that software used for the control of nuclear power stations or air traffic is safe and will not carry out unexpected operations.

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Solicitors' turnover up 19%

By Robert Rice, Legal Correspondent

THE TURNOVER of solicitors in private practices increased by 19 per cent to £3,000m last year according to figures published yesterday by the Law Society.

The rise in gross fee income varied from area to area across the country. Gross fees of solicitors in London for 1987-88 rose by 23 per cent to £1,460m. This compares with rises of 15 per cent in the north to £887m and 17 per cent in the south to £770m.

The average gross fee income of partners in London solicitors' firms rose by 17 per cent to £167,000. Average gross fee income of partners across the whole country rose by 15 per cent to £112,000.

Average gross fee income per solicitor in London rose by 15 per cent to £94,000 and by 14

per cent to £73,000 across the country as a whole.

The relatively lower rate of increase in gross fees per partner and solicitor compared with the rate of increase for the profession nationally is in line with expectations given the rapidly increasing size of the profession, according to the society's Annual Statistical Report 1988.

Solicitors are significantly concentrated in London, with 36.7 per cent working there. This compares with the fact that only 13.5 per cent of the population of England and Wales lives in London. Only London solicitors exceed the national average level of gross fees per solicitor of £73,000.

The number of solicitors on the Roll continues to rise. There were nearly 70,000 solicitors on the Roll at the end of July 1988, a rise of 5.3 per cent on last year.

More than 30 per cent of women solicitors continue to drop out of the profession during the first 10 years of practice. Of those who qualified 10 years ago, 68.5 per cent of women and 86.2 per cent of men are still practising.

But of the newly qualified solicitors, 46.6 per cent were women. Women also represented 51.9 per cent of those passing the solicitors' Final Examination in 1988 and 52.7 per cent of new articulated clerks. The profession will soon have approximately equal numbers of women and men solicitors in practice, the society says.

Annual Statistical Report 1988, Law Society, 113 Chancery Lane, London WC2

Forklift truck sales from Lancer increase by 21%

By Nick Garnett

LANCER BOSS, the UK's largest independent forklift truck maker, increased sales to £128.6m in the year to March, a rise of 21 per cent on the previous year's figure of £106.2m.

This was broadly in line with company estimates made this time last year. Pre-tax profits on ordinary activities at £4.3m, up from £4.0m, represented a similar percentage rise but was slightly lower than the company had been expecting.

Sir Neville Bowman-Shaw, chairman of the Lancer Boss group which is now the world's 12th largest forklift producer, said the company was very confident.

It had a new range of products and was likely to prove

more resilient in a recession than many of its competitors. The overall market for lift trucks remained strong.

However, Sir Neville said that in the long term, a company of Lancer's size could not survive satisfactorily in the market without a significant partner.

This could involve merging the business with another company though Sir Neville stressed that he would want Lancer to take the management lead in such a grouping.

Sir Neville said a shorter term goal was the acquisition of another lift truck maker. The company is believed to have identified two companies it is interested in, at least one of them believed to be Italian.

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by Monory.

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BI's aid conference in November offers companies a unique opportunity to meet the major policy makers in the Africa aid world, including the Africa head of the World Bank and EEC and Japanese policy makers. The conference will provide participants with the insights they require to keep up with this rapidly changing multi-billion dollar market.

At no time in the past has it been so important for companies to keep up with the new trends and initiatives affecting the \$20 billion aid market in Africa. New funding initiatives from the World Bank and Japan, as well as new regulations and initiatives on the environment and private enterprise, call for immediate adaptation from companies interested in tracking and tapping aid contracts. BI's conference provides companies with an exceptional opportunity to meet and hear the officials who are currently forming Africa's aid future.

Don't miss out on this important event.

Speakers at the conference will include:

- > Edward Jaycox, head of the Africa Office at the World Bank
- > Minister H. Hashimoto and Yoshitaro Furwa, Chief Representative for the OECD
- > Ncedet Sumar, head of UN Development Programme Procurement Unit, John Svendsen, Procurement head for the UN Procurement Service and Ivan Alexander, Crown Agents
- > Peter Sandersley, UK Overseas Development Administration
- > Klaus Roeh, Head of Tenders Division for the EEC's European Development Fund
- > Representatives from Massey Ferguson, Land Rover and Credit Lyonnais, and officials from the Africa Development Bank

To register for the conference, or for further information, contact: Brenda Mackley, Business International, 40 Duke Street, London W1A 1DW. Tel: 01-493 6711; Fax: 01-491 2107; Telex: 266353

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UK NEWS

Solid strike vote expected

By John Gapper and Michael Smith

A SOLID VOTE in favour of indefinite strikes by manual workers at seven big manufacturing plants was predicted yesterday as engineering unions starting balloting the 24,000 employees there in their campaign for a reduction in the working week.

favour of an offer of a phased reduction in the working week to 37 1/2 hours, but national officials of the Confederation of Shipbuilding and Engineering Unions would not back it. Engineering unions are confident of support at Rolls-Royce plants at Hillingdon, Glasgow and Parkside, Coventry. They believe there will be solid backing among manual workers at British Aerospace plants in Chester, Preston and Kingston.

37 hours would be enough to shorten the hours of both manual and white-collar workers. Mr Bill Jordan, Amalgamated Engineering Union president, said the Engineering Employers Federation had attached unacceptable conditions to its April offer of a 37 1/2 hour week for all engineering employees.

ICI plans £1bn power plant in north-east

By Maurice Samuelson

ICI, Britain's biggest chemical company, has teamed up with the electricity industry and a leading US utility to plan a chain of gas-fired power stations in the UK after the privatisation of the power industry.

Anglo-Argentine talks extended amid signs of diplomatic progress

By Robert Graham in Madrid

SENIOR Argentine and British diplomats yesterday decided to extend their talks on normalising relations into a third day, amid signs that substantial progress was being made.

direct air links between London and Buenos Aires, and the lifting of restrictions on British companies operating in Argentina. This, in turn, would enable Britain to remove its objections to Argentina signing a co-operation agreement with the European Community.

In Brief

Progress on use of unleaded petrol

USE of unleaded petrol is spreading so quickly that it is likely to become the majority motor fuel much faster than expected only a short time ago, according to Mrs Virginia Bottomley, junior Environment Minister.

The ghost of the past appears at the gates of Rolls-Royce

Outside a Victorian built factory in the Midlands city of Coventry yesterday, several hundred Rolls-Royce employees were peering through the fog of a group of union leaders who were entering the plant, through a faulty public address system, to stage an indefinite strike.

The Coventry plant was chosen by the unions because of its strategic importance to Rolls-Royce. It supplies gas turbines and engine components to other plants in the aeronautical engineering group.

workers had earned hours cuts through their productivity concessions. Mr Tom Hartopp, shopfloor convenor, said one issue was "whether you support the union or not."

Surveying the scene from windows above the speakers' platform were a handful of the plant's managers. "Look at the rogues' gallery," said one of the speakers.

With the Rolls-Royce order book standing at £5.5bn, the company is doing all it can to prevent a strike. During the last week workers have received letters from both the group board and Mr John Boult, plant manager. They have been told that "this is the most serious situation the company and the site have ever faced."

That struck a chord with many listeners. Mr Ian Tobin, a 26-year-old manual worker, believed the unions' hand would be weakened in negotiations on other issues if a majority voted against striking.

MOTORFAIR Fall in car sales 'no herald of collapse'

By John Griffiths

THE DROP of more than 10 per cent in new car sales in September did not herald a market collapse, despite the recent rise in interest rates, the UK's main car makers insisted last night on the eve of Motorfair, the London car show.

Ford chief warning on UK research

By John Griffiths

BRITAIN will become "little more than a screwdriver operation within the European motor industry" unless car and part makers can foster more engineering expertise and maintain a big presence in research and development, Mr Derek Barron, chairman and chief executive of Ford UK, warned yesterday.

Kings Cross plans

PLANS for one of London's biggest redevelopment schemes, covering 134 acres north of King's Cross station, have been substantially revised to include two office towers, the largest 600ft high.

New takeover chief

THE new director-general of the Takeover Panel, the UK's bid watchdog, is to be Mr Geoffrey Barnett, 46, a director of Baring Brothers, the merchant bank.

Sunday's sales fall

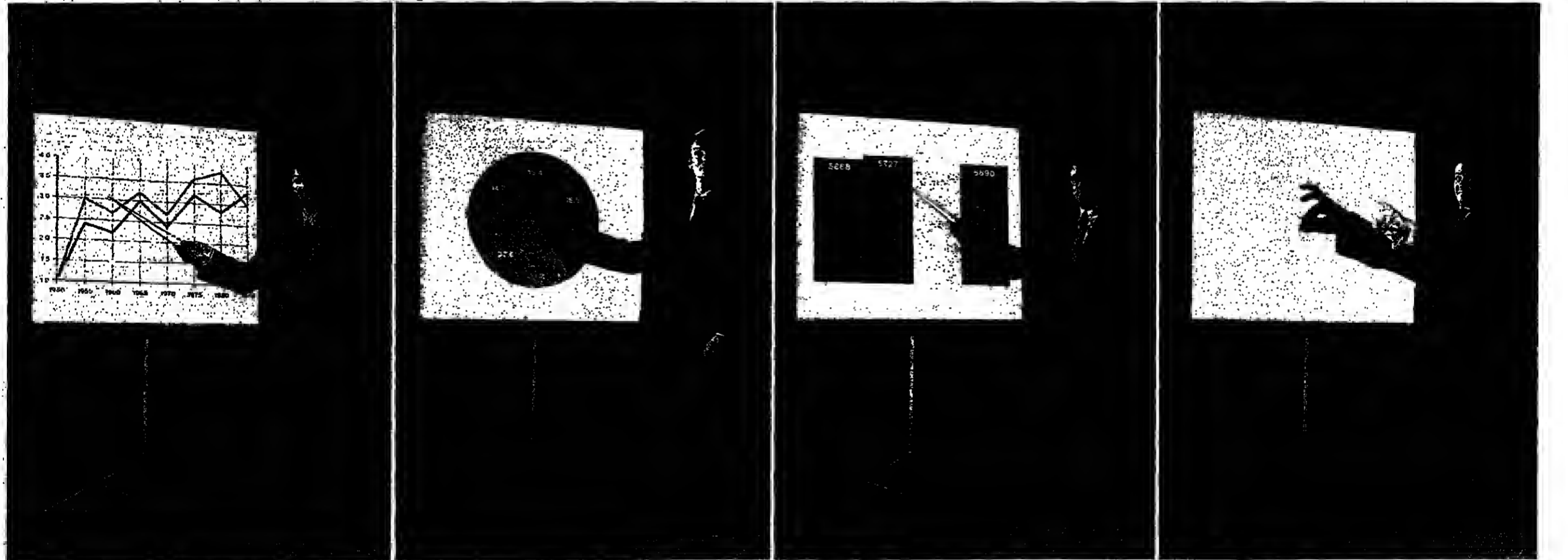
SALES of The Sunday Correspondent, the new quality newspaper, fell to an estimated 365,000 for its fifth issue but the rate of decline is slowing markedly.

Compensation proposal

THE British Insurance and Investment Brokers Association, one of the representative bodies for independent financial advisers, has supported the proposal by the Securities and Investments Board that life companies and building societies should contribute to the investors compensation scheme.

Navy union walkout

NUMAST, the merchant navy officers' union representing 20,000 ships' officers, walked out of pay talks in London after the employers, the British Shipping Federation, proposed a 5 per cent pay offer.



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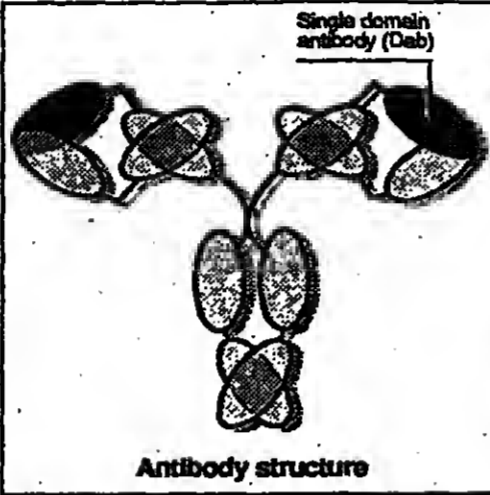
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TECHNOLOGY

Clive Cookson explores the ramifications of the discovery of mini-antibodies
Big prizes in small packages

New ways of making mini-antibodies... developed independently by British and American scientists... promise to increase greatly the scope of the biotechnology industry...

body. Wellcome of the UK, for example, has a Mab for treating digitalis poisoning... Most Mab products today are diagnostic kits...

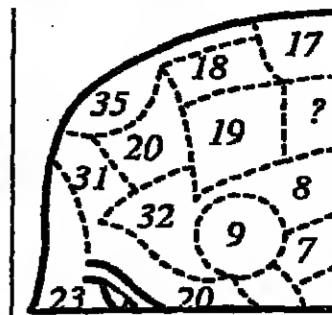


Protection from stormy weather

IN THE wake of hurricane Hugo, building research bodies are focusing on ways of testing whether new buildings will withstand the pounding of tropical storms...

The phone that wears two hats

THE spread of facsimile (fax) machines into the home has been hampered by the need to install a second telephone line...



WORTH WATCHING

Edited by Della Bradshaw... a lower radiation dose than existing processes... Golfers could find their tee shots a less muggy experience...

A synthetic's power to resist

SYNTHETIC materials have come a long way since celluloid was made from cotton and ammonia in 1870, writes Andrew Wiseman...

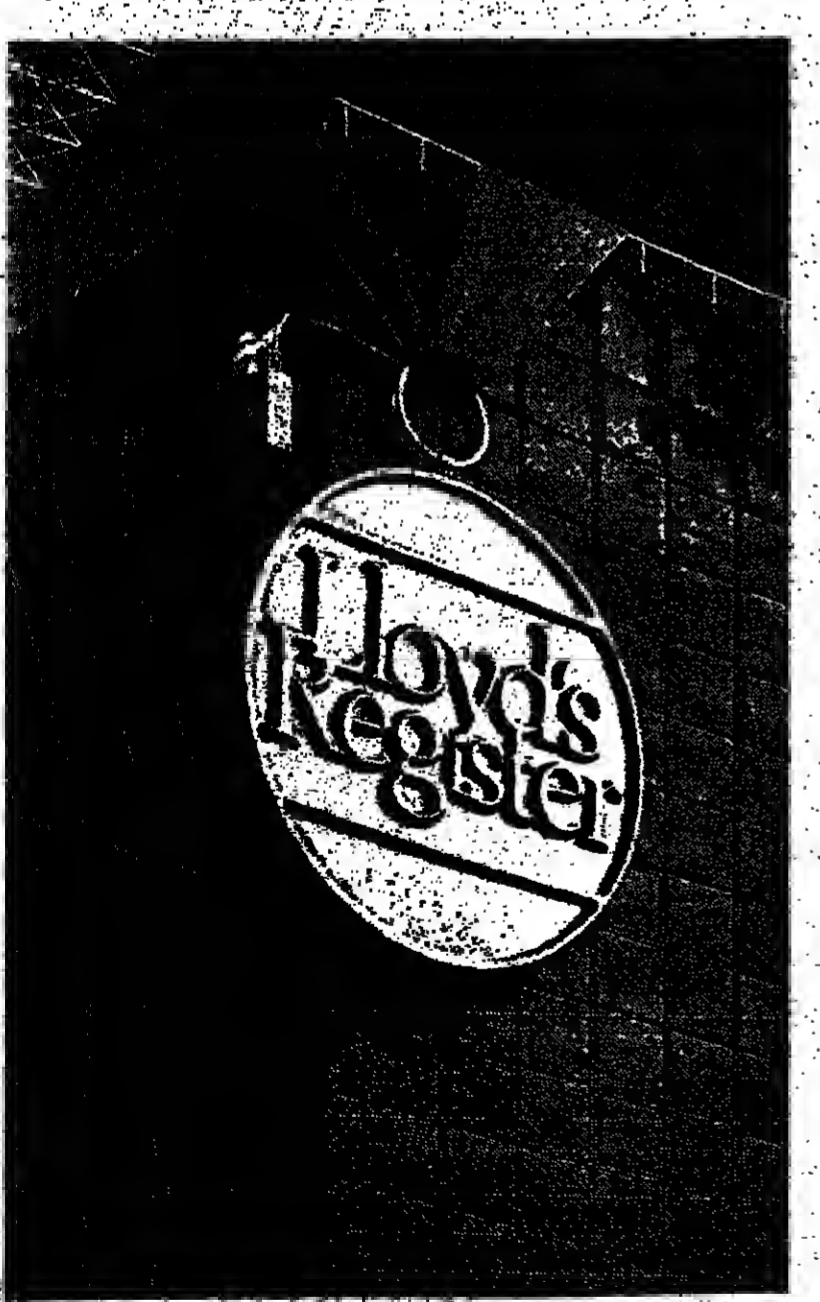
Less radiation for a clearer picture

A SAFER form of medical X-ray could be on the way... Equipment is being developed that uses selenium rather than films of phosphor...

The signalman's extra pair of eyes

BRITISH Rail Research is turning to one of the latest developments in computer technology to help ensure maximum safety on the level crossings...

WE BUILD OUR REPUTATION ON OTHER PEOPLE'S BUILDINGS.



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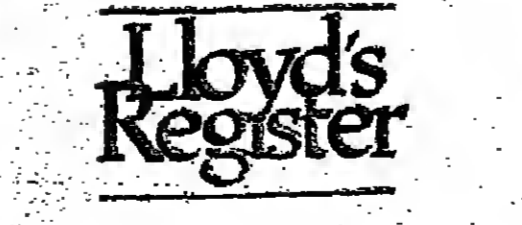
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IDATE 11th International Conference November 15th - 17th - Montpellier (France) COMMUNICATION SERVICES AND THE INTERNATIONALIZATION OF EXCHANGES. Services activities, which today account for a major part of national productions are all faced with the ever growing role played by telecommunications and audiovisual. During this 11th International Conference it is IDATE's intention to address the key questions facing the economic players and decision-makers...

ARTS

CINEMA

Guacamole Western

Welcome to the Happy Revolution. Old Gringo is Hollywood's attempt to glorify the...

- OLD GRINGO Luis Puenzo
MELANCOLIA Audi Engel
GETTING IT RIGHT Randall Kleiser
STAR TREK V: THE FINAL FRONTIER William Shatner
MILLENNIUM Michael Anderson

ou now - assails a German-born, London-based art critic (Jesse Krabbe) in this debut feature from the German-born London film distributor who runs the Artificial Eye company...



Gregory Peck in "Old Gringo"



Janis Kelly and Richard Van Allen

Street Scene

COLISEUM

ENO's co-production with Scottish Opera of Kurt Weill's "Broadway Opera" has arrived at the Coliseum just five months after it was unveiled in Glasgow...

As hinted above, the performances pivot around Ciesinski and Kelly, who crystallise the ongoing tragedy of the Mauryans...

Andrew Clements

Getting It Right, directed by Randal (Grasse) Kleiser and scripted from her own novel by Elizabeth Jane Howard, is a hit-and-miss, wackily cast British comedy with hair on the brain...

Nigel Andrews

La Traviata

CHURCHILL THEATRE, BROMLEY

London City Ballet knows the power of the family name, at the box office. It is some indication of the way public expectations about ballet have generally been corrupted over the years...

case of an interpolated divertissement at a party, crassly vulgar. There is not enough compensation of impassioned dance for the principals, to make up for this frantic and unconvincing activity...

Clement Crisp

Apples

ROYAL COURT

It is an interesting point, often made, that the best pop rock song writers of the past 15 years have failed to make any successful transition to the musical theatre...

with the tart after intoning an "Our Father" with goofy Dad (Bob Goody) comprising London place names. Dury's lyrics extend to one or two good catalogue songs, full of bump and Latin American grind and lachrymose rhymes...

says on occasion. I suppose this is part of a plot to epater the trendies. I wish it were a more successful attempt to widen this venue's points of entertainment reference.

Michael Coveney Ian Dury

The Haydn Series

QUEEN ELIZABETH HALL

The series devoted to late Haydn choral works at the Queen Elizabeth Hall continues with not a momentary lapse in the joyful inspiration of the music. The Nelson Mass which formed the main part of Tuesday's concert, is typical of Haydn at his most imaginative...

Richard Fairman

VACHERON CONSTANTIN



ARTS GUIDE

- EXHIBITIONS London: The Royal Academy, Gainsborough and the School of Portraits... Madrid: Fundación Juan March... Barcelona: Fundació Caixa de Pensiones... Paris: Institut du Monde Arabe... Brussels: Europaforum Japan 89... Berlin: Brucke Museum...

October 13-19

- Venice: Palazzo Grassi, Italian Art 1900-1945... Bonn: Städtisches Kunstmuseum... New York: Whitney Museum... Washington: National Gallery... Tokyo: Memorial Museum, Zen Paintings...

Martin Wolf calls for an end to political control of the money supply

The real issue at the Mansion House

Much has been heard of late about the peculiarities of a Japanese electoral system...

The ethical underpinnings of modern democracy are somewhat puzzling. The idea that those seeking power may use their money to elect their supporters...

At present, for example, there is much discussion about whether the state of the economy will prevent the UK Government from exploiting the budget surplus...

In the UK it has long been taken for granted that the government has the right to use public resources to purchase elections...

Since the Second World War growth in the UK has tended to peak at around the time of an election...

Inflation is the most important consequence of the election-driven economic cycle. A government that wishes to increase public expenditure...

As public experience with this sort of manipulation has grown, the credibility of any announced government policy has been eroded...

It is too easy to envisage situations in which the political costs of living up to these fine words would be prohibitive. The consequent cynicism creates a vicious circle...

Both the manipulation and the fear of it are of concern to the citizens of any country. They cannot begeth in the long term from a politically-induced business cycle...

The political-economic cycle in the UK. Annual % change. The graph shows GDP, General election, and Inflation from 1949 to 1988.

about the government's integrity. Like Caesar's wife, a government needs to be above suspicion.

The problem is that no government can be above suspicion as long as it retains full control over both fiscal and monetary policy...

The solution is to tie the government's hand, a change that would be not only in its citizens' interest but ultimately in its own, because it would make announced policy far more effective...

In the US, for example, fiscal difficulties have led to serious discussion of an amendment requiring a balanced budget.

One of their main aims was to de-politicise the control of money, the result of their advice being establishment of the Bundesbank.

In the same way, the US has the Federal Reserve. Whatever its occasional failures, it is horrible to contemplate what would have happened to America had it not been for the Federal Reserve...

of interest. The case for an independent central bank dedicated to price stability was made most effectively...

In English, the untranslatable term "ordo" denotes the ideas of structure, system and constitution.

One of their main aims was to de-politicise the control of money, the result of their advice being establishment of the Bundesbank.

In the same way, the US has the Federal Reserve. Whatever its occasional failures, it is horrible to contemplate what would have happened to America...

Japan would appear to be the exception, but as often it is the exception that proves the rule.

western Europe and lean on the established reputation of the Bundesbank. The best alternative would be to follow the example of New Zealand and grant independence to the Bank of England...

LOMBARD

Nanny Clarke knows best

by Michael Prowse

MR KENNETH Clarke, Britain's Health Secretary, has issued a new contract for family doctors. He says it will improve the quality of primary care...

Some commentators are heartened by conflicts of this kind. In their view, the medical profession is riddled with restrictive practices and dominated by the interests of the producers or suppliers of services...

This is an appealing but flawed argument. In the first place, the consumerist model of health care is not convincing. Studies do not suggest that people exercise choices about medical care in the way they do about addressing or supermarket shopping...

By now, there may be no politically feasible alternative to reliance on the Bundesbank or even on Mr Delors' European System of Central Banks. Yet this need not have been so. The problem facing Britain has been solved in Germany by the Bundesbank. It could presumably be solved here, too...

* Alan Peacock and Hans Willgerdt (eds), Germany's Social Market Economy: Origins and Evolution, and German Neo-liberalism and the Social Market Economy. Both published by the Trade Policy Research Centre by Macmillan, London and St Martin's Press, New York.

ments are controversial. For example, GPs will lose money if they do not meet demanding targets for screening of cervical cancer...

The Thatcher Government claims to stand for choice and diversity. Yet Mr Clarke is struggling to impose a uniform model of primary care within the NHS...

It would be more sensible to recognise that different doctors will approach their tasks in different ways. Some will lay more stress on preventive medicine than others...

Such a decentralised approach would lead to regional variations. Some practitioners committees, like Mr Clarke, would favour high capitation payments; but others would argue that performance can best be stimulated by increased reliance on item of service fees...

Such a decentralised approach would lead to regional variations. Some practitioners committees, like Mr Clarke, would favour high capitation payments; but others would argue that performance can best be stimulated by increased reliance on item of service fees...

LETTERS

Money aggregates and different types of inflation

From Mr Brian Reading. Sir, Dr Paul Seabright observes in his letter of October 17 "how poorly the broad money aggregates have performed as leading indicators of inflation in the last 10 years..."

An expansion of credit can be used to purchase existing assets rather than newly-produced products. When this happens, the velocity of circulation in the economy does nothing directly to increase money GDP...

personal disposable income earned in those years. No wonder people saved less and borrowed more, immediately to increase their living standards. Hence the consumer boom.

An asset price inflation index, published alongside the retail price index, would give a better guide to the inflationary health of the economy.

From Mr Mark Brinkley. Sir, Martin Wolf's excellent summary of our current economic plight ("Questions over the British miracle" October 14) suggests that the Thatcher experiment has largely failed.

summary of our current economic plight ("Questions over the British miracle" October 14) suggests that the Thatcher experiment has largely failed. It is time to go one step further and say that the supply side theories of economic management have failed and to draw a line under the experiment.

The Chancellor is accused by Tim Congdon and the monetarists of being too loose with money since 1985, when he officially abandoned targeting money supply.

The 1987 election was fought largely on one issue: unemployment. All parties had reflection programmes, of which the Tories was the most conservative and without which they probably would not have been elected.

From Mr Peter Renard. Sir, We in Surrey face a problem which now threatens to turn the introduction of the national curriculum into a shambles.

ment will again hold uninterrupted power in Britain for 10 years. If, at the end of 10 years, we find ourselves in the same kind of economic crisis that troubled us in the 1930s and 1970s, we must conclude that the new way of managing the economy has failed.

I suggest it is time to re-focus on demand as the main area to control. Income policies have been unworkable since the demise of the Social Contract, but there remains much scope to introduce improved versions.

From Mr Peter McGrigor. Sir, Peter Brighton does well to show the error of including interest, profits and dividends in the services element of UK exports (Letters, October 17). This is a trap into which government ministers and other people have fallen in the past.

From Mr Peter McGrigor. Sir, Peter Brighton does well to show the error of including interest, profits and dividends in the services element of UK exports (Letters, October 17). This is a trap into which government ministers and other people have fallen in the past.

Cold comfort

From Mr Edgar Palamoutzin. Sir, The recent shake-out in the financial markets is said to have been triggered by the collapse of funding arrangements for the proposed buy-out of United Airlines. This, in turn, has been represented as a sad case of a whole. We may take some comfort in the situation.

Staffing schools in Surrey

From Mr Peter Renard. Sir, We in Surrey face a problem which now threatens to turn the introduction of the national curriculum into a shambles. Michael Prowse ("An obsolete tradition" October 13), draws attention to the 6% per cent of children whose parents are able to have them educated privately.

Services exports

From Mr Peter McGrigor. Sir, Peter Brighton does well to show the error of including interest, profits and dividends in the services element of UK exports (Letters, October 17). This is a trap into which government ministers and other people have fallen in the past.

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Hungary steps out of the shadow of Stalin

By Judy Dempsey in Vienna

HUNGARY'S parliament yesterday swept aside the legacy of Stalin as deputies voted overwhelmingly for radical changes to the constitution.

Mr Kalmán Kulcsar, Minister of Justice, who had spearheaded the radical amendments, said yesterday in parliament that the amendments would be only the first phase of ushering in a completely new constitution to be drafted after the elections.

The newly formed Hungarian Socialist Party (HSP), which superseded the Hungarian Socialist Workers (Communist) Party earlier this month, want the presidential elections to be held on November 26.

Crowd calls 'play ball' as rumbling subsides

By Peter Berlin in San Francisco

THE EARTHQUAKE struck at four minutes past five local time on a balmy San Francisco evening. There were 62,000 baseball fans gathered in Candlestick Park for the third game of the World Series between the San Francisco Giants and their local rivals, the Oakland Athletics.

China crisis halts output from joint venture car factories

By Robin Pauley and Collins MacDougall in Guangzhou

CHINA'S mounting political and economic crisis is bringing all joint ventures with foreign car manufacturers to a standstill.

Production at Volkswagen's Shanghai plant has stopped. Peugeot plans to close its production line near Guangzhou, the provincial capital of the southern province of Guangdong, on November 4, and the Beijing Jeep joint venture with the American Motor Corporation is cutting production in Peking of its new Cherokee model.

that it has been unable to pay its share of the recently increased equity capital in the Peugeot venture.

Japan's new scandal embarrasses Socialists

By Stefan Wagstyl in Tokyo

A SCANDAL involving Japanese politicians and political contributions from the pachinko (pinball) gaming industry yesterday brought the country's parliamentary business to a standstill.

The LDP wants to question Mr Koyama about donations he allegedly received from the General Association of Korean Residents in Japan - a group with close links to both the pachinko industry and to North Korea.

Lawson to stress fight on inflation

By Simon Holberton and Phillip Stephens in London

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, will stress the need to get inflation down when he delivers a strong reiteration of the Government's economic policy in his speech at the Mansion House in the City of London tonight.

to announce fundamental changes to current monetary policy, but it has been speculated that the Chancellor might change the way the Bank of England funds foreign exchange intervention.

The Labour opposition attempted to make maximum political capital over remarks by Sir Alan Walters, the Prime Minister's economic adviser, who has attacked the case for full British membership of the European Monetary Union.

Bush pledges support for disaster zone

Continued from Page 1

As daylight faded there was an often-repeated picture of a policeman telling shocked residents that they had 90 minutes to prepare for night and the probability of no services, power or water, for another three days. They should not stand around doing nothing.

Honecker forced out after 18 years

Continued from Page 1

refusal of the official media to acknowledge the causes of mass emigration and the desolate mood in the country.

Mortgage worries for Beazer

THE LEX COLUMN

There is something about Beazer which does not add up. Yesterday it produced another annual increase of 20 per cent in earnings per share, bang in line with its 10 year average.

Whitbread

Whitbread's proposed sale of its wines and spirits business is a sensible admission of failure to achieve scale in a rapidly changing world market.

The JSP has agreed to the questioning of the industry officials only.

WORLD WEATHER table with columns for location, temperature, and weather conditions.

Blackstone Corporation

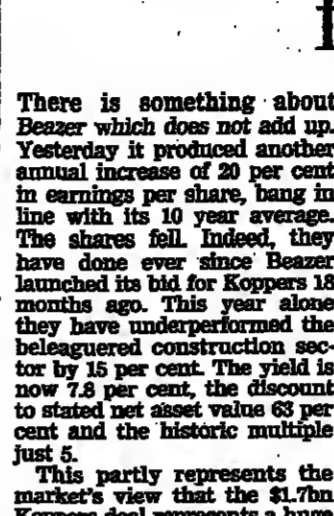
has acquired the capital stock of Valeo from Mark IV Industries, Inc.

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Mortgage worries for Beazer

Share price relative to the FT-A All-Share Index



There is something about Beazer which does not add up. Yesterday it produced another annual increase of 20 per cent in earnings per share, bang in line with its 10 year average.

bright-eyed new chief executive, recently arrived from Lucas Aerospace, that the City was missing the point all along.

WCRS Group

If yesterday's restructuring of WCRS is such a good deal for shareholders, why does it have to be so complex and why has the company felt it necessary to tie up two of its biggest shareholders with standstill agreements?

Hawker Siddeley

It has been harder than usual this week to escape the sound of captains of British industry pouring scorn upon the short-term horizons of stock market investors.

Blackstone Corporation

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FINANCIAL TIMES SURVEY



Merseyside provides one of Britain's worst cases of urban blight. One in five men is still out of work as it

struggles to rebuild its economy and recover from damaging political warfare. Can it be trusted with investment?
Ian Hamilton Fazey reports.



Liverpool, the capital of Merseyside: in spite of changed attitudes, the city's image remains poor

A case still to prove

IS IT SAFE? After a decade of turmoil and political warfare, this is the one question every potential inward investor in the world wants answered about Merseyside and the city of Liverpool, its heart.

For economic and structural reasons beyond its control, Merseyside began the Thatcher decade on the slide. Atlantic trade was dwindling, shipping technology had shifted to bulk and containerised cargoes, and the docks were modernising, shedding thousands of unskilled jobs directly and larger numbers associated with them.

From the 1950s, grants from successive governments had encouraged branch factories to replace lost work, but these had no local loyalty from employers or workforce.

The area's labour relations image was poor. Joblessness rose as branch factories closed. Social tensions heightened, erupting in the Toxteth riots of 1981. Business confidence evaporated, recession deepened, with 26 per cent of Merseyside men still unemployed in 1987.

Worsening political chaos between 1983 and 1987 damaged the image further, as did the riotous behaviour of Liverpool football fans in 1985, which left 39 Italian fans dead

in a crush when a wall collapsed at the European Cup Final in Brussels.

For much of the Thatcher decade Liverpool's Labour party was manipulated by the Militant Tendency - a sectarian, Trotskyite grouping obsessed by class warfare, which played on the socialist fundamentalism of many non-Militant idealists in the party.

In power, Labour deliberately confronted the Government over local public spending, precipitating a series of budget crises which brought the city to the brink of bankruptcy at least twice.

By 1985-86, Liverpool was at the nadir of public esteem throughout most of the rest of Britain. Industrial land was unmarketable.

Merseyside as a whole was tarred with its image, even though the city was only one third of the 1.5m-strong county and badly split.

By 1987 a nettled Government had secured the disqualification of 47 Labour councillors. A damaged national Labour Party investigated its Liverpool activists, wound up their organisation and expelled the Militant ringleaders.

One piece of luck was that Mr Keva Coombes, a well-regarded solicitor and former leader of Merseyside county council, failed to win a Conservative-held, marginal seat at the 1987 general election; he became available to lead Liverpool city council.

Backed by Mr Neil Kinnock, he set about persuading Labour from its local isolationism, eventually - this year - joining the board of the formerly hated Merseyside Development Corporation, the agency for regeneration.

Coincidentally, an influx of private sector and other leaders arrived when Liverpool was at or near rock bottom. They have injected new vigour into Merseyside's business leadership.

Mr Geoffrey Piper, the new head of Deloitte Haskins & Sells, founded Boom, which stands for what it tries to promote - Business Opportunities on Merseyside.

Mr Brian Thaxter shook up Barclays, the region's biggest bank. Professor Graeme Davies, Liverpool University's new vice-chancellor, suddenly made the institution relevant to its local community.

Mr Michael Parkinson, director of the university's Centre for Urban Studies, says: "People were shocked by the events of the early to mid-1980s. The political and economic class of business leaders just did not play much part in this city. There were too many branch factories and a lack of entrepreneurs."

"The new people were not

MERSEYSIDE in the Thatcher decade

involved and exhausted by the conflicts of the earlier 1980s. I believe that things like leadership and vision are very important. This proactive leadership class is necessary, if not essential, for regeneration."

Mr James Fitzpatrick, former head of Mersey Docks and now chairman of Liverpool Health Authority, echoes this: "We needed to replace the old brainpower of port and ship-owners who have gone now. Now we must stop analysing and draw up a blueprint for action. We don't want problems, but solutions."

Mr Parkinson says that Merseyside now has a very different political feel. "The previous approach was to look outside for help, for external cash transfers. There has to come a point when you start helping yourself before asking others to come in from outside and help you."

One important pointer to changed attitudes is that the council has commissioned Peat Marwick McLintock to advise on city centre regeneration and how to make a partnership with the private sector work.

Mr Tim Johnson, the Peats

partner in charge, says: "Anything that happens needs to have the city at its heart. Liverpool city centre is the capital of Merseyside."

"Population loss needs to be stemmed. A city is more than its economy. We need to find ways to get people to live in the city and to try and stop some of the flight from Liverpool."

'We need to find ways to get people to live in Liverpool'

pool. The outflow is now 6,700 people a year."

Mr Johnson sees the positives for the city as its low cost base, its pool of labour and the availability of sites and land. But he says the image remains poor, with outsiders hearing a confusion of messages.

"Everyone gets set to make the right noises and then there is a setback," he says. "There are some fragile attitudes in the private sector. They read a setback as risk," says Mr Johnson.

This year's big setback was

the last-ditch fight of Liverpool's dockers to strike against abolition by Parliament of the National Dock Labour Scheme. They were first out and last back, demanding a national solidarity most of Britain's other dockers refused to give.

Mr David Bradley, the new head of the Government's Merseyside Task Force - which co-ordinates the local work of all civil servants and controls urban funding - says there is some setback every six weeks when an element of discord emerges.

The closure of Birds Eye in Kirby - allegedly because of worker cussedness - is another example. Merseyside suffers from setbacks being expected, so that they confirm prejudice.

Mr George Alcock, chairman of the chamber of commerce, says the region's propensity for self-denigrating loquaciousness is as damaging as anything. "I sometimes think we should give our taxi drivers 25 a day to drive visitors around in silence," he says.

In the Town Hall, the change in attitudes is exemplified by Mr Alan Chape, the former

planning officer who is now assistant chief executive and charged with building bridges to both the Government and private sector.

He says: "Our biggest problem is our image within the UK and getting people just to come here and look so they can discover things are very different from what they expected."

"We are beginning to rebuild confidence. We need a better relationship between the private and public sectors and are working towards it. But we have to move forward in an incremental way."

Mr Chape has been working closely with Mr Bradley to exploit the advantage of the Task Force, a body unique in Britain set up in 1981 by Mr Michael Heseltine, then Environment Secretary, to cut red tape and channel resources into Merseyside faster.

The Government reviewed the Task Force last year but bolstered it in the end when Mr Bradley, an under-secretary, was appointed to head it. This in itself was important for confidence, since it confirmed a Government willingness for special treatment.

There is worry that some of the disqualified councillors will try to return to politics when their five-year disqualifications are up, but Mr Coombes thinks things will have moved too far by then for Merseyside's new course to be altered.

The market will decide how far. Mr Johnson says: "We

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Photography: Mike Arron and Ian Hamilton Fazey
Editorial production: Roy Terry

have spoken to 40 major developers. Of these, 30 say they will now consider Liverpool. They are only holding back for profit and yield reasons, not because of worries about the political situation.

"Is the city council all right to get into bed with? Our own study is a strong indication of their earnestness. Developers want strategy fixed with the city council. They want assurances on planning and stability. They can get these now."

Mr Parkinson says: "Part of Liverpool's problem has been instability. We now have stability. We lacked leadership in the business community. Now it's coming because people really believe they are going to be in business here for a long time."

So is it safe to invest in Merseyside or even move there? Mr Piper thinks it is and says the proof is in places like the Wavertree Technology Park, Mr Heseltine's most tangible achievement.

It can also be found among 300 or so privately-owned, small or medium-sized businesses, which Mr Robert Toomey of Investors in Industry says are making good profits, have no labour problems, and are soaking up development capital for growth.

But Mr Toomey also says they keep a low profile, lest publicity makes them targets for union activists or the image problems of Merseyside rock their customers' confidence.

Merseyside can afford neither such achievements to go unsung nor the reasons for their suppression. The birth of the posturing partnership of public and private sectors needs to be induced as soon as possible, for the only thing that will convince the world is proof, more proof and yet more of it.

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Merseyside Development Corporation

MERSEYSIDE 3

Ian Hamilton Fazey evaluates the impact of leading immigrants

The Class of '86 settles down

IN 1985 Mr Geoffrey Piper, who had spent 13 years building the operations of Deloitte, Haskins & Sells, the accountants, in Jersey, the largest Channel Islands offshore financial centre, was waiting for promotion. When the offer came, he went home to tell Sue, his wife. He recalls: "It's in Liverpool, I said. I shall never forget the look on her face. But we needed a change. Her attitude was, 'Well, I think we ought to at least have a look'."

They took three or four months to make up their minds. "My impression was that this was a city going through an awful time but that other British cities had gone through had times but they solved their own problems," Mr Piper says. "After all, this was not Beirut."

There was no problem for the Pipers' three teenage daughters. Offshore financial centres are desert islands in terms of entertainment for teenagers. They saw nothing but good from the move.

Not that this cut much ice with those not involved. "When I said we were moving to Liverpool, friends in Jersey and London said that we must be mad," Mr Piper says.

There were several other outsiders in the same category whom he calls "The class of '86". They include Mr Robert Toomey, a Welsh-born venture capitalist with Investors in Industry (3i), who moved from the Manchester office to take charge in Liverpool.

Another was Mr Brian Thaxter, the incoming regional director of Barclays, the biggest bank on Merseyside, who shook up the organisation and increased its thrust and impact on local affairs dramatically.

Professor Grasma Davies did a similar thing at Liverpool University, making an impact from the moment he arrived as vice-chancellor.

Like the Pipers, they all arrived uninvited by local history, ready to evaluate Liverpool not for its navel-contemplating uniqueness, but

against other cities, such as Nottingham, where Mr Toomey had begun his career with Boots before moving to 3i, or Sheffield, where Professor Davies, a New Zealander, had seen another major city in decline and undergoing change.

Though born locally, Mr Tim Johnson, a partner with Peat Marwick McLintock, the accountants, looked set for a City career in the mid-1980s. He had done a high profile secondment to the St Helens Trust to introduce the enterprise agency's ground-breaking business expansion syndicate. He then moved to London to write a report for the Government on the future of the Business Expansion Scheme generally.



Robert Toomey



Geoffrey Piper



Tim Johnson

Opportunities On Merseyside. Boom's approach has been to hype what is hypable to persuade potential inward investors to at least have a look at Merseyside, instead of crossing it off their lists out of hand. Mr Piper even persuaded Mrs Thatcher to write the foreword to Boom's glossy brochure. The basic technique has been to bring groups of people in for short trips to see what there is and to meet successful people.

There has been a seminar at the Barbican and another will be held next year. Meanwhile, the university is to stage a conference and tour for its successful alumni in the hope that some of them will expand their businesses near their alma mater.

Boom's hype has irritated some on Merseyside, who worry that problems may be understated, leading to people being put off when they realise this.

Also, Mr Piper's irrepressible enthusiasm has discomfited some of the business old guard, who think him public school and pushy.

But Mr Keith Robinson, director of the chamber of commerce, says: "Geoffrey Piper is very useful because he deals with people outside Merseyside. He has credibility because he puts himself where his mouth is, and that's impressive."

Mr Piper defends his tactics: "It was better for me as a newcomer from outside to tell people down south that things were not as they thought. The hype had strong ingredients. It

deliberately set out to surprise people. Once you have got people playing ludo with you, you can then introduce them to other games and let them see that there are some snakes to slide down, as well as ladders to climb.

"If you get people just to take an interest, then a quarter of the battle is done."

"As chartered accountants we had an entree into boardrooms and close contact with other advisers. People are coming to believe that there is good value here and a lot of undervalued things around."

"Around 1985 many people just wrote us off. I am not claiming that we are better as a place for investment but I am claiming that there is no reason now why people should leave us out of the reckoning."

He solved his own recruitment problems when a senior audit partner moved from Newcastle and another rising accountant relocated from Deloitte in Glasgow. Neither would have looked at Merseyside three years ago.

Deloitte has accepted his arguments about Merseyside's lower cost base by moving its national mainframe computer there at a cost of \$500,000. He is selling careers hard, stressing the standard and quality of life that goes with not having to cope with south-east mortgages.

"My wife said to me the other day, 'I do hope we never leave Liverpool'. That's how good we have found it," he says. Mr Piper himself has become his own message.



Chemicals plants in the Stanlow area

CHEMICALS INDUSTRY

Modest uplift in fortunes

THE chemicals industry has been an important part of the Merseyside economy for more than 150 years. It is still one of the most concentrated sites for chemical manufacturing in Britain.

Although the outlook for the sector on Merseyside looked far from good in the early 1980s as a result of the general economic recession, the chemicals industry in the region is now undergoing a modest renaissance.

The main reason for the uplift in the industry's fortunes on Merseyside has been as elsewhere in the chemicals sector, a swing away from basic, low-value products towards more specialised materials that command better prices and are less prone to cyclical changes in demand.

This trend can be seen in most of the chemicals groups around the Merseyside estuary. Many can trace their roots to the early part of last century when one of the oldest branches of the modern chemicals business started in the form of soap-making.

Lever Brothers (later merged into the Anglo-Dutch Unilever) was prominent in the region, as was Buncorn Soap & Alkali. This was eventually amalgamated into United Alkali - one of the four companies which merged in 1926 to form Imperial Chemical Industries.

Today, ICI's production sites in and around Buncorn have a workforce of about 4,000, making the company one of the biggest employers in the area. The Buncorn operations have diversified into thousands of different chemicals although most are based on well-established inorganic chemicals including chlorine, sodium hydroxide and sulphuric acid.

Unilever, too, remains a major employer, with several factories, notably at Port Sunlight on the Wirral. Wirral-based Crosfield Chemicals, part of Unilever, illustrates some of the changes over the past 150 years.

The company was set up in Warrington in 1815 as a soap-maker, and its many establishments in this period in the Merseyside region. Behind this broad trend are some plain facts of geography.

The Cheshire salt fields and the coal fields of Lancashire provided raw materials for the soap-making process. The River Mersey acted as a conduit for exports of finished products, and also for trade into Britain of any fatty vegetable oils needed to supplement the supplies of tallow (animal fat) which was another essential raw material.

Crosfield (which became part of Lever Brothers in 1920) concentrated on soaps and related materials for many years before diversifying over the past 25 years into a range of more specialist products.

Today, the company employs 750 people on its original site in Warrington and has established an international reputation, in particular, in silicate materials. These substances, based on sodium silicate, are used in a variety of applications including catalysis, chromatography instrumentation, papermaking and packaging

"People in London thought I was mad to come back here," he says. "It was around the time of the Heysel Stadium disaster, in 1985, when Liverpool's image was mud all over the world. But the quality of life here is good. I live in a nice area but I'm only 20 minutes from the office."

Mr Piper says: "We didn't have a culture shock, but a culture surprise. In Jersey the theatre was amateur dramatics because you had to make your own entertainment. We kept some by always having trip off the island written into our dia-

ries. "To come to a place with a world-class orchestra, four splendid theatres, and half a dozen national museums and art galleries was wonderful."

Ironically, the Pipers and Toomeys clashed accidentally, double-gauging each other to buy the house in Parkgate, Wirral, of Mr Nicholas Barber, chief executive of the Ocean group, who was moving to London. The Toomeys won. The Pipers consoled themselves by buying well in Willaston nearby. "Not all was sweetness

and enlightenment. "The first stumbling block I came across was trying to persuade other senior managers to move here, too," Mr Piper says.

Deloitte is auditor to the Royal, Littlewoods, Plessey, Mersey Docks, Royal Liver, Charterhouse Tilney and Alsopa. It employs 200 people, of whom 100 are auditors. Retirement meant there were senior jobs going.

"I was trailing jobs around our London office. I was saying that I had come up here and

bought a house twice as big as theirs for half the price they paid for theirs in the south. It didn't make much impression. It was quite clear we had an image problem," Mr Piper recalls.

He met Mr George Fragnall, head of Business in the Community's operation in the north-west, and officers of the Government's Merseyside Task Force. He decided to start his own bridge and image building by creating a promotional body called Boom - Business

A POWERFUL REASON FOR SETTING UP IN MERSEYSIDE

Merseyside's bold new business profile is seen at its best in progressive developments like Wavertree Technology Park. This is a dramatically successful site housing forty companies at present, with yet more clamouring to occupy a new extension.

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Peter Marsh

KNOWSLEY

Too much faith, too little industry

LAST YEAR a survey by urban consultants, CES Limited, of the living standards in 459 local authority districts, placed Knowsley at the bottom. Few were surprised, the social and economic problems of Merseyside's smallest borough are painfully obvious and appear to defy any solution.

In spite of the gloom there are signs that the economy can grow

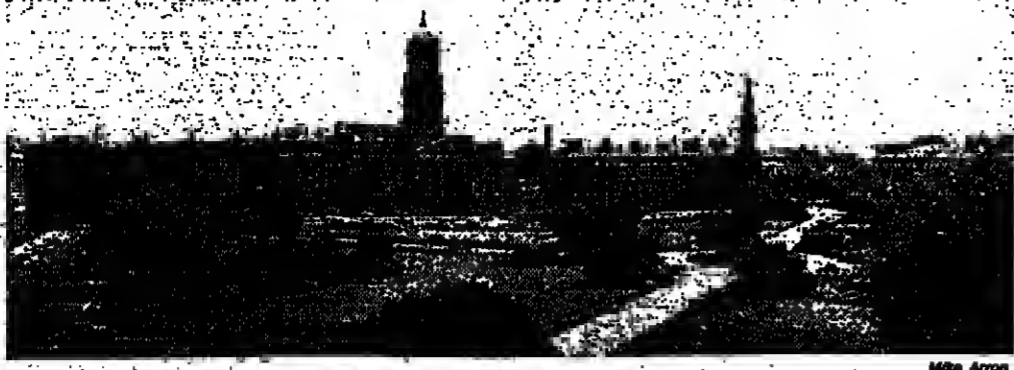
nity-based programmes and by the Housing Corporation. In spite of the general gloom there are, if one looks closely enough, signs that the Knowsley economy is capable of growth. Ford's Halewood plant, once regarded as an example of the Merseyside's sickness, is now cited as a model of the county's economic turnaround.

package and a pioneering industry Watch scheme has also been tried. The result has been a 30 per cent reduction in vacant floor space in five years, a stabilising of employment levels and a 70 per cent fall in vandalism.

Martin Regan

WIRRAL

Courting attention



Hamilton Square and Town Hall, Birkenhead

social problems associated with Merseyside. Local authority housing counts for less than 20 per cent of total housing. And apart from a few problem areas around Birkenhead there is no widespread urban dereliction.

Future house building is likely to be confined within built-up areas. The council's policy of maintaining exceptionally flexible green belt is likely to push up the price of the average three-bed semi from its present £45,000.

The concentration of employment black spots means that any development strategy needs to be job creating. The quality of environment on the peninsula is seen as a major selling point. Communications are superb and there is scope for tourism.

The elegant seaside resort of New Brighton, at the tip of the peninsula, has considerable potential but suffers from a proximity to urban centres. There are plenty of visitors, but most simply come to walk the dog and spending per visitor is low.

New Brighton is within the MDC's area and while the corporation envisages a small-scale improvement in facilities to test visitor demand the council would like a total redevelopment of the promenade. It would also like to see the ferry service to Liverpool re-established.

A new policy of marketing Wirral internationally has already started. The Wirral International Tennis Tournament, a pre-Wimbledon event, which this year drew Boris Becker and John McEnroe, was shown coast-to-coast on American cable television.

The council is keen to introduce similar events across different sports. "What we have to do is develop a far more targeted approach. Obviously we can't compete with Wellington and Runcorn so we need to think about what it is that Wirral has to offer and their answer has to be quality of life," said Mr Wilkie.

An international tennis tournament may seem a faintly naive aid to economic regeneration, but the main brake on Wirral's growth remains its image rather than its economic structure.

Anything which can show that parts of Merseyside offer a lifestyle of considerable quality is hugely beneficial. In Wirral's case a tennis tournament is as valuable an economic aid as a showpiece industrial estate.

Martin Regan

Although there is considerable unease about the negative effects of being economically tied to Liverpool, the options are limited. Closer ties to Chester and North Wales remain a possibility, but Liverpool is central to any future growth.

Mr Wilkie believes the "Liverpool effect" is often over-estimated. "Of course, there are disadvantages in being in Merseyside, but there are also great advantages, particularly in terms of development aid."

The problem is that prejudices against Merseyside run much deeper than most people imagine. He would like to see a more concerted effort from the five Merseyside boroughs to market the county, arguing that the loss of direction since the abolition of the county council has

damaged inward investment prospects. Wirral's economic base is balanced between the service sector, manufacturing and distribution. Premier Brands, the food and beverage producer, is the largest employer with some 2,600 staff.

Other big employers include VSEL, Unilever, Champion sparking plug and McRay Engineering. Across the boundary, though still on the peninsula, Vauxhall Motors are an important economic force.

The worst hit parts of the Dockland have been brought within the remit of the Merseyside Development Corporation and a number of important initiatives are under way. The most ambitious is the recently announced £100m redevelopment of the Morpeth-Wallasey docks being planned by a Wimpey-led consortium.

The easy availability of grant aid has proved attractive to private sector developers and new developments along the docks are bringing in new businesses.

The Land Registry, which set up its regional headquarters in Wirral two years ago, has announced expansion plans which will create a further 400 jobs, while the American Colloid Company has massively increased its presence in Wallasey.

The confidence has spread to the retail sector. Shearwater Property's giant Cheshire Oaks scheme at Ellesmere Port, which will create almost 600,000 square foot of shopping space, is not seen as a threat to the retail regeneration of Birkenhead. Chester is seen as the likely loser.

Despite the unemployment problems, Wirral has fewer

The result is the level of skills to put together transactions locally. This has certainly had a competitive impact with Weightmans and Rutherford's, two other old-established Liverpool legal practices, merging last year and a third, Loes, forming a regional practice with Mawer in Manchester.

Much depends on the ability of professional firms to attract professional staff to the area. All report success in competing in the national labour market, although most admit that it is easier to recruit graduates who already have family ties in the area, or who discovered their joys through university there or nearby.

Richard Waters

TRADITIONALLY, Wirral's economy has been based around its docks and like Liverpool the borough has suffered badly from the decline of the shipyards.

Faced with rising unemployment the response has tended to be one of crisis management, pushing aid to those areas in immediate need and ignoring the long-term requirements of a peninsula which has a character quite different from its neighbours across the Mersey.

Despite an unemployment rate of around 12 per cent, much of Wirral, particularly in the south-west, is extremely prosperous. The borough, the boundaries of which stop just short of Ellesmere Port, contains a highly skilled workforce - 35 per cent of households are managerial or professional.

The economic problems are based within a small number of wards around the main population centres of Birkenhead and Bromborough, the areas with the closest economic ties to Liverpool.

Birkenhead, Bidston, Tranmere, Seacombe and Leasowe all have unemployment rates of between 18 to 25 per cent and together account for 40 per cent of total unemployment in the borough.

Emerging with a coherent economic development strategy for such a diverse area remains one of the key problems facing Mr Jim Wilkie, the council's new director of planning and new development.

The whole issue of what Wirral needs and how it should best go about meeting those needs is now under review, says Mr Wilkie, and a broader, more outward looking strategy is the likely outcome.

Continued from Page 4 partner of Deloitte's, recalls that "up until three years ago, people were operating on a survival basis. Since then they have been looking further ahead and taking a strategic view." The result has been greater investment in systems, and a consequent demand for consultants in the area.

In an attempt to present the same range of services, legal firms in the area have been involved in a process of consolidation for a number of years.

The largest of them, Alsop Wilkinson, is now part of a substantial national practice, having organised a merger in Manchester four years ago and another in London last year.

"We felt that if we wanted to provide a regional service, we stood more chance if we were in both centres," says Mr Derek Morris. "The accountants regionalised more in Manchester. We realised that if we wanted to be a regional firm, we had to be in Manchester as well."

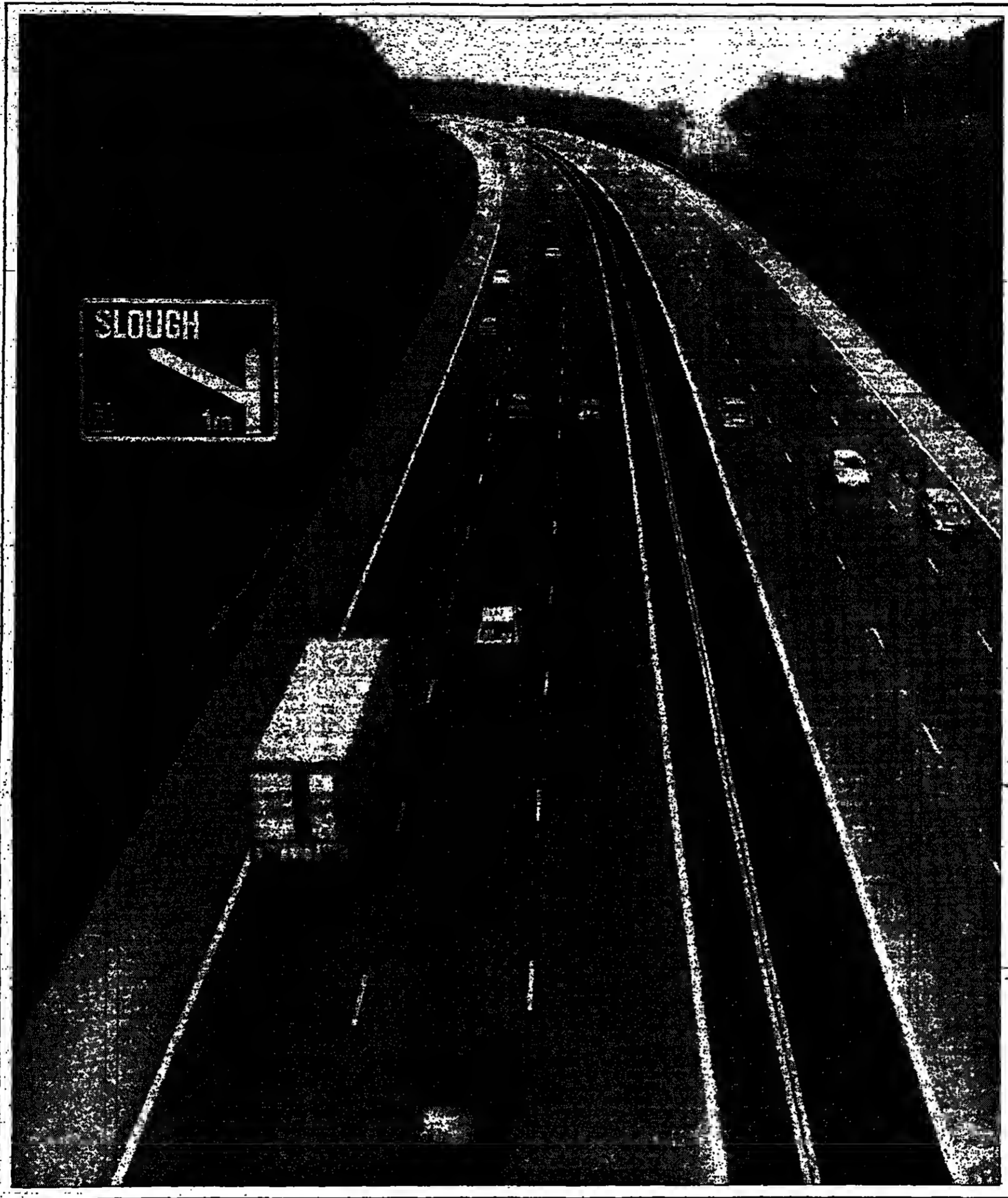
Having made its decision, and opted to specialise in commercial law 20 years ago, Alsop is now benefiting from its reputation as the city's leading commercial law firm. Its 14 Liverpool partners lend a range of skills to specialise in a number of disciplines, including shipping, pensions, property and employment.

Richard Waters

Professional reformation

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MERSEYSIDE 9

Robert Waterhouse explores Wavertree Technology Park

A paradigm and a beacon

WAVERTREE Technology Park is the essence of renaissance Liverpool...

Estates and Michael Hayes, Liverpool's city planning officer, admit the new partnership has taken time to bed in.

For non-retail shopping, where developers can expect swift recovery of infrastructure costs...

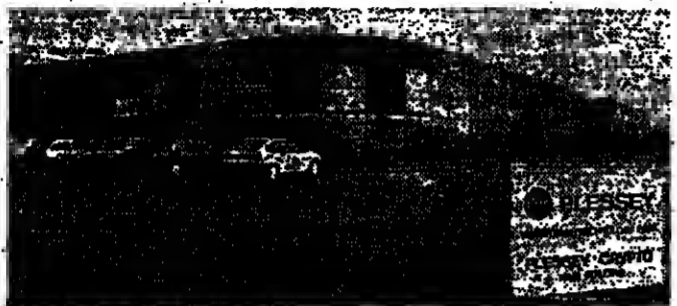
park and expect to double that requirement in three years. Staff are recruited locally and trained on a one-to-one basis.

Six years on, the park is both paradigm and beacon for inner Liverpool. Its lettable space, just about complete, is heavily oversubscribed.

As 20-acre site, also in EE ownership and also derelict, is across the main Liverpool-London line from the park...

Staff divide in roughly equal numbers between professional design engineers, many of whom either went to northern universities or have returned to Liverpool roots...

Environmental worries over nuclear waste disposal or fossil fuel burning and the growing political importance of green issues offer renewable energy protagonists a real opportunity in the run-up to the general election...



Wavertree Technology Park: a result of the Heseltine initiative

There are moans. Some smaller, leading-edge companies lament the overall mix of tenants which, they say, stretches their understanding of the word technology...

Wavertree's development potential finishes with phase two. There is no obvious extension available in the area.

quantities from two dimensions and supplying the trade with an attractive package - "It took me three years to realise that users wanted something they could hold" - has brought in all the trappings of success.

Talks are under way, in the context of Wavertree, to encourage links between Liverpool University, Liverpool Polytechnic, the Merseyside Innovation Centre and the private sector.

THE MERSEY BARRAGE

Smoothing the waters for a century of clean energy

IF ALL goes to plan it will have taken under 20 years from first concept to construction of the Mersey Barrage.

questions: what effect will the barrage have on sedimentation within and beyond the estuary?

haps £2m will be spent on a full-blown environmental impact study. Then there is the detailed engineering design.

when it comes to the design contract. Mr Wood first came across the Mersey Barrage concept in his former job as Merseyside's county planning officer.

Privatisation of the electricity industry imposes the Non Fossil Fuel Obligation (NFFO) on supply companies, who will be required to purchase around 20 per cent of power from nuclear or renewable energy sources.

Neither question was resolved by the £2m Stage 1 barrage feasibility study, which reported last December.

Development stage investors will expect a higher return for their faith in a project which may never get into the water.

The project adds momentum to the 54th Mersey Basin Campaign to restore the river to a reasonable condition. In its present state the Mersey gives a rich definition to "finishing time" - the period it takes for tidal-borne pollution to ebb and flow up the estuary before it eventually disperses into the Irish Sea.

The threat to wildfowl could sink a Bill

Environmental worries over nuclear waste disposal or fossil fuel burning and the growing political importance of green issues offer renewable energy protagonists a real opportunity in the run-up to the general election...

the barrage. There are two alternatives: a line close to the mouth of the river, downstream of Liverpool; and one between Rock Ferry and Dingle, near the garden festival site.

Shipping interests are generally opposed to the barrage. It will not affect Seacorth trade, but vessels destined for Garston and the Manchester Ship Canal must navigate a commercial lock.

However, it is this raised water, covering tidal banks where significant numbers of Europe's wildfowl overwinter, which could yet prove an overriding impediment to the barrage project.

A 12-year business plan drawn up for Wavertree in 1983 aimed at full occupancy of the 64-acre site by 1985, providing 2,000 jobs.

in context, a fixed barrage across the River Mersey between Liverpool and Birkenhead or Wallasey (there are two alternative lines at this stage) whose sluices drive up to 30 turbines is expected to provide 800 MW of installed capacity, generating 12 hours daily.

Others include MANWEB (the regional electricity board), Liverpool University and the Mersey Docks & Harbour Company.

Some say that the main attraction to wildfowl - and numbers have increased markedly in recent years - is the sort of organic pollution which Liverpool's new sewage treatment plant in Sandon Dock will minimise from next year.

Frank Coward, a director of GEC Systems, which manufactures bespoke software systems for retail operations including point of sale technology, is more outspoken about Wavertree's responsibilities.

Meanwhile, MBC is starting to lay plans for the development stage. This covers the time from 1991, when the Parliamentary Bill is lodged, to 1994 when construction may start.

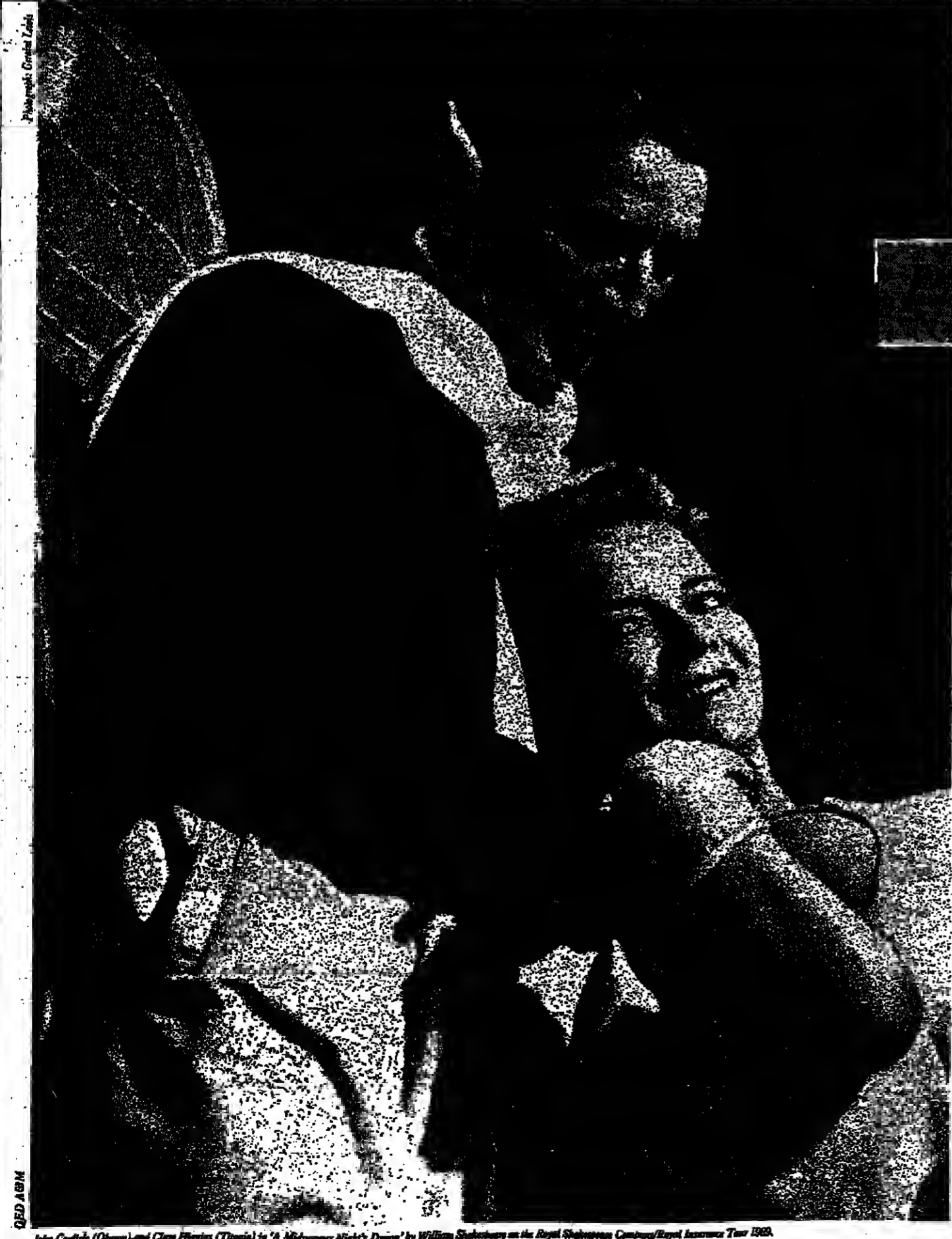
Indeed, Parkman is now working on barrage construction alternatives such as diaphragm walling using redundant super-tankers or massive cast-concrete caissons.

It could, just, be another lucky break for the barrage.

Gardner Systems is shortly to move to its own 10,000 sq ft purpose-built premises on the site.

The idea of the murky Mersey - Europe's most polluted river - offering a century of clean energy is of obvious appeal to copywriters.

Robert Waterhouse



John Gielgud (above) and Clive Ruggie (below) in 'A Midsummer Night's Dream' by William Shakespeare at the Royal Shakespeare Company/Royal Insurance Tour 1989.

Royal Insurance advertisement text: We play a surprising number of parts - especially on Merseyside. September found us at the Empire Theatre, Liverpool as sponsors of the RSC/Royal Insurance Tour...



MERSEYSIDE 10

Richard Gourlay on the food industry

Sweet success amid steady decline

IN THE comfortable suburb of Moreton on the Wirral peninsula lies the Premier Brands chocolate biscuit factory...

The more usual picture has been a steady erosion of jobs

no longer work in Merseyside's favour. The limited overlap between Hillsdown and Premier Brands...

growth of existing product lines. The more usual picture on Merseyside has been a steady erosion of investment and jobs...

Three events have partially revitalised Merseyside industry

Furthermore, Humberstone's role in oils and fats imports is growing with the arrival of the Malaysian-backed joint venture...

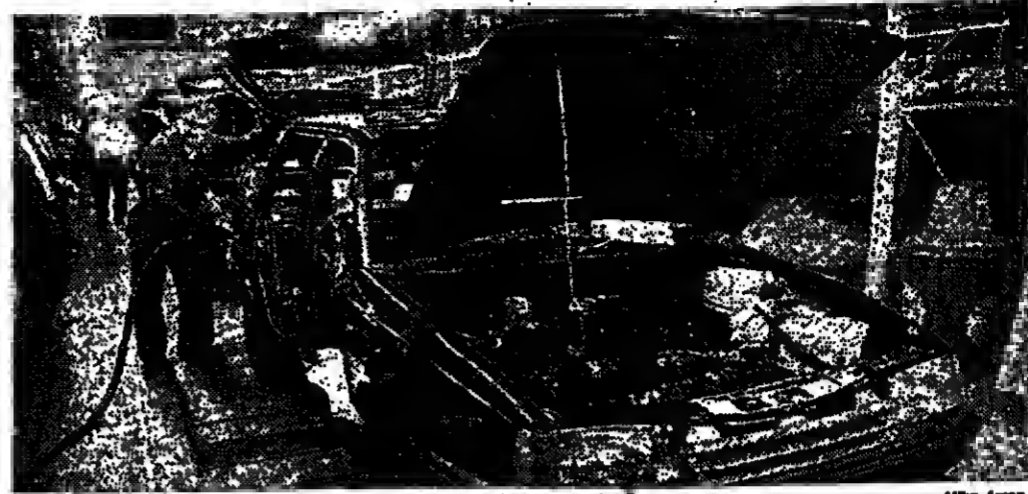
The move is the result of similar factors that have shrunk Merseyside's dock labour force from 47,000 at its peak to about 1,600 today...

Stewart Dalby investigates the slow revival of the docks

EARLIER this year the outlook for the Mersey Docks and Harbour Company, which controls the large main port in Merseyside...

CAR INDUSTRY

Hopes are high for a smoother ride



Vauxhall plant now running at a capacity of 600 cars a day

mer Port's workforce shrank to under 5,000 employees and some 2,000 at GM's Delco electronics on Merseyside from a peak of over 12,000 in 1971...

ing a giant traxis press, which will add flexibility in the changing of stamping dies, and it has built a single overhead assembly line replacing what had been in place since 1963...

What really changed Ellesmere Port's fortunes was the introduction in 1981 of the Astra among the new range of 80s' cars...

There is a noticeable lack of Japanese-style quality reminders and invocations to hard work. Only a few signs with messages such as 'Build with care means no repairs' are visible on the factory floor...

Cloud lifts and outlook looks fair

concern to negotiate a two-year deal, he claims. There had not been a major strike in five years until this year...

If labour productivity is the main reason for better times, it is also due in part to the company's willingness to seek out business. Unlike many ports...

average is used for port purposes, with some of the rest it is now going in for property development...

business Park from the old Woodside lairage. All these joint ventures should yield very good returns for the Docks company in due course...

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Advertisement for WIRRAL development. Business people and developers should see their sights on Wirral, the peninsula lying neatly between historic Chester and the economic centre of Liverpool. Here, a limited number of sites and high quality premises are still available. Full of interest and potential and springing up against a background of auspiciously rolling down to the sea. WIRRAL. Interested? Please contact David Hunt on: 051-630 6060. Metropolitan Borough of Wirral, Department of Planning & Economic Development, Municipal Offices, Town Hall, Brighton Street, Wallasey, L44 8ED. Telephone 051-630 6060

MERSEYSIDE 11

Jan Robinson examines Liverpool University's changed image

INTERDISCIPLINARY RESEARCH CENTRE

A down-to-earth approach

University's prestige award

LIVERPOOL University has dragged itself out of the clutches under the leadership of Professor Graeme Davies...

the UGC since 1985 illustrate Liverpool's position as a centre of excellence. The IRC was one of only four awarded...



Professor Graeme Davies

higher education altogether. However, he does foresee a way out. "If there were to be a loan scheme, it should be one that is income triggered...

IN FEBRUARY 1988 the establishment of an interdisciplinary research centre (IRC) in Liverpool for the study of surface science...

Since getting the initial grant 14 months ago, a vacant building on the university campus has been completely refurbished and staff appointed...

At the end of 10 years the centre will have to be self-financing and will therefore have needed to direct the research towards self-supporting projects...

mind very much against its short-term, one-off contracts... which would pull our research programme all over the place...

With a background as a materials engineer, Prof Davies came to Britain from New Zealand in 1982. Having spent time at Cambridge and Sheffield University, Davies came to Liverpool in 1986...

The IRC was particularly gratifying to Prof Davies because it confirmed the strength of Liverpool in surface science, which ties in with the industry on Merseyside.

believe quite firmly that it will disadvantage the lower social group candidates, who have been gradually increasing in numbers...

Prof Davies also feels the involvement with the community has been a triumph, confirming the university as a resource for Merseyside in terms of student spending power...

The centre's work is divided into four main areas: catalysis, gas surface dynamics, interfaces and semiconductor surface chemistry...

Prof Peter Weightman, assistant director of the centre, has found that being on the administrative side and starting a new department has been "a constant battle..."

However, rather than pursuing patents, and the bureaucracy that it entails, Prof Weightman sees their main work in other areas.

Setting up a department, with such a high-tech profile, has brought its own problems. Apart from attracting the right staff, the logistics involved has been something of a headache.

In terms of research grants and contracts, income has increased from £8m in 1986 to £18m this year, taking Liverpool from 19th in the league...

Because the IRC can match staff salaries with those in the field, staff are not expected to be lost too quickly.

Prof Davies also sees some hope for the situation in a wider sense, with more flexible funding and in the priorities of staff themselves.

"I think a considerable number of staff are not strongly motivated by financial reward as such. They like to balance a sensible degree of financial reward with the real intellectual opportunity that curiosity research provides."

Two major assessments by the vice-chancellor were pleased with Liverpool's overall grading of 3.3 (out of a maximum 5)...

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LIVERPOOL POLYTECHNIC New lease of life

THE polytechnics were given a new lease of life in April this year when they ceased to fall under local authority control. Liverpool, perhaps more than any other, has a lot to gain...

and Transfer Scheme, (CATS), allows students more flexibility in the length of time taken for study. Moreover, life skills which do not have to be re-taught can count towards a formal qualification.

Such incidents are now unthinkable and the polytechnic is gearing itself up for a new academic age with Professor Toyne seeing himself as the head of a large company.

Crucially, as Prof Toyne sees it, this approach will take course provision out of the hands of the academic board, and into the hands of the consumer.

There was a massive backlog of investment which manifested itself in dirty, shoddy buildings and outdated equipment. Once out of local authority control, Prof Toyne identified the initial objectives as "More immediate responsiveness, being able to make sensible decisions, and, above all, to see where the future lies and to establish real priorities."

Whether this approach is popular remains to be seen, but, as the fourth largest Polytechnic, Liverpool had the second largest number of applications for places in the UK last year.

The Credit Accumulation Scheme (CAS), which incorporates the social studies and combined degree courses. Careers and chaplaincy facilities, formerly housed in the students union, have been transferred to a new student services section in a converted primary school.

Student accommodation, also a problem in the past, has been somewhat relieved by a brand new hall of residence at Cathedral Walk, built in the shadow of the Anglican cathedral, near the city centre.

For example, a woman who had a family early in life and therefore missed out on further education would be able to gain credits in the fields of child care or child psychology.

Stuart Mellichamp, president of the students union last year and now the Polytechnic's corporate relations officer, comments: "We're tying ourselves in very much with the regeneration of Liverpool."

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Jan Robinson

FINANCIAL TIMES SURVEY



At a time of economic buoyancy, the Netherlands is now focusing fresh attention on the

urgent task of cleaning-up the environment and tackling the problem of unemployment, as Laura Raun reports here.

A subtle shift to the left

AS THE Netherlands heads into the 1990s it is swinging gently to the left in search of a fresh approach to the social and environmental imperatives of a rich member country of the European Community.

Mr Ruud Lubbers, perhaps the most powerful Dutch Prime Minister in postwar history, will lead the new centre-left coalition government of Christian Democrats and Socialists that is expected to take office soon.

The Dutch want Mr Lubbers' firm hand on the tiller and Labour's fresh wind in the sails.

"There is much that we (Christian Democrats and Socialists) can and must do together," Mr Lubbers told the party faithful during the recent election campaign. "I am the first to say now that prosperity has been restored, the growth of that prosperity should be used for things which will benefit society in the future."

Many are hoping for seven fat years following the seven lean years of Mr Lubbers' centre-right coalition of Christian Democrats and Liberals, which collapsed last May. His "no-nonsense policies" helped fuel the present robust economy but these sacrifices must be rewarded, argue these voices.

To speak of a clear change of

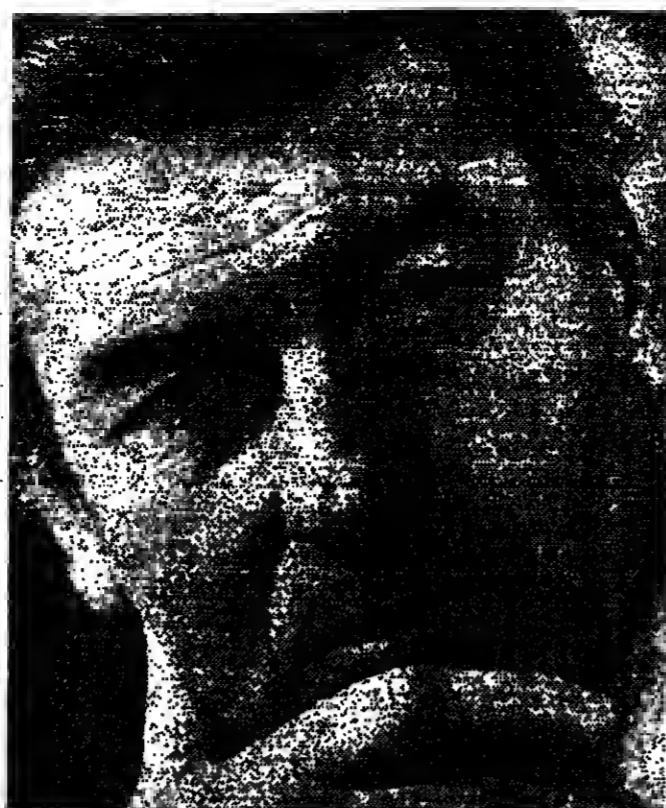
course to the left, full of vision and hope, would be cross overstatement. As in Norway, the political direction is ambiguous, which may be attributable to a Europe on the brink of genuine change.

The ambiguity also reflects doubt about just how fast the coming years will be: state debt is soaring; taxes and welfare premiums combined are among the heaviest in the world; the long-term unemployed are alienated; for every working person contributing taxes there is another being supported on welfare benefits; and the environment is dangerously polluted.

Queen Beatrix warned in her annual speech from the throne on September 13 that pollution must be attacked but without jeopardising international competitiveness.

"There are no painless solutions," she declared in the speech written by the Prime Minister. "Limits must be placed on the growth in traffic. At the same time, we are aware how important it is to our prosperity that this country should remain the gateway to Europe and should continue to be able to perform its distribution function."

Mr Lubbers is loath to fritter away the hard-won gains of his first two terms. Already the longest-serving Dutch Prime



Mr Ruud Lubbers, above: perhaps the most powerful Dutch Prime Minister in postwar history; pictured right, Amsterdam's central shopping area.



The Netherlands

Minister in 30 years he is in a position to dictate much of cabinet policy by virtue of his immense popularity and his party's record strength.

The Socialists, for their part, are caught in a dilemma. After more than a decade in the political wilderness of the opposition benches they have cast themselves as pragmatic partners worthy of power.

However, in the early elections on September 6, Labour lost three seats, suggesting voter-eclecticism and placing the party even more at Mr Lubbers' mercy.

Led by the practical Mr Wim Kok, the Socialists must nevertheless press for fresh initiatives to justify their presence. In the true Dutch tradition of compromise, the new cabinet is likely to share out the fruits of Mr Lubbers' earlier policies but is most unlikely to open the purse as wide as Labour wants. Both partners agree that social spending should rise but that the gaping government budget deficit must fall.

Superficially, it might seem that little will change under a centre-left coalition. Mr Lubbers will remain Prime Minister, his Christian Democratic Party will continue as the senior partner in the ruling

coalition, and efforts to improve public finances will continue.

But things are changing. Mr Lubbers wants to go down in history as a Prime Minister who could chair a cabinet of more than one political hue. As an emerging European statesman he would prefer to cap his Premiership on a note of generosity rather than austerity.

A new trend emerged in last month's elections when the big winners were Green Alliance - a new group of four small, left-wing parties championing environmental causes - and Democrats 66 - an eclectic, slightly left-of-centre party born in the political ferment of the 1960s. But they were more or less barred from the bargaining table by the big parties. Dutch voters indicated that they want a cleaner environment, sensible social spending and more intellectual leaders - "a kinder, gentler nation," as Mr George Bush has said.

"You can't give large parts of society the feeling that structurally they don't belong," cautioned Mr H.H. Wijffels, chairman of Rabobank and bright light in the Christian Democratic Party. "People want to be valued for

their contribution to the social system."

Certainly the incoming government will start with the economic wind behind its back. Gross national product will expand faster this year than at any time since 1976 and more than the European average for the first time in a decade.

Inflation remains an enviously low 1.5 per cent and job creation the highest in the European Community. Professor Frans Rutten, Secretary-General of the Economic Affairs Ministry, believes the Netherlands and West Ger-

many are the two strongest economies in the EC at the moment.

Corporate profits are surging, business investment is booming and competitiveness is increasing, he explains.

"We are the best-prepared for new developments, to profit from new opportunities," he contends. The new cabinet will

begin with a political agenda, topped by the environment issue. A wave of Calvinistic guilt about pollution has swept across the Dutch, prompting Mr Lubbers to warn that "environmental efforts are part of our stewardship."

Next year Parliament is expected to pass an ambitious National Environment Plan, which would slash pollution across the board - air, water and soil - by at least 70 per cent by 2010. The ecological blueprint is perhaps the most integrated approach to environmental pollution devised by any country, and probably the most costly - up to Fl 700bn in annual spending and fixed investments over the 20-year period.

The Dutch already spend more on preserving nature than any of the most industrialised countries - 1.34 per cent of GDP annually - and that could jump to 4 per cent in 20 years. This kind of money could torpedo hopes for seven fat years, according to Professor C.J. Schuyt, a sociologist at Leiden University.

"Simply due to the environment problem, it is wise to talk about seven sober years, following the seven lean years," he argued recently.

An equally urgent topic facing the next cabinet is the welfare state. The Christian Democrats and Socialists agree that more must be spent on welfare benefits, education, housing and health care. But Labour wants to boost outlays by about Fl 9bn and the Christian Democrats only around Fl 2.5bn.

Manoeuvring-room is limited. Over the coming four years economic growth is forecast to slow, inflation to rise and government debt to climb. The Netherlands needs to get more in-step with the EC to preserve international competitiveness in the barrier-free Europe after 1992, according to many observers. Taxes and welfare premiums combined, social spending and the public sector are the biggest in the EC, while the working population is nearly the smallest, relatively speaking.

Fewer women work outside the home than any country in the Community, except Ireland and Spain. Estimates of physical and mentally disabled people are substantial - 724,000 people out of a population of 16m - nearly double the number of unemployed. A rapidly "greying" population means that almost one-quarter of the

CONTENTS

- The economy "under full sail" again. □ Natural gas revenues decline. Page 2
- The political scene: the Socialists must prove they can make a difference. □ Debate over welfare costs and the heavy tax burden. Page 3.
- An industrial renaissance under way. □ Bold plan to clean-up the environment. □ Banking personality profile. Page 4.
- Amsterdam as a financial centre. □ Telecommunications: the first steps in privatisation. Page 5
- Big changes in the broadcasting sector. □ Sponsorship of the arts. Page 6.

Pictures by Alan Harper.

Dutch will be 65 or older by 2010.

Aside from economic and financial issues, ethical topics are also divisive. The Christian Democrats adamantly oppose two proposals: one, to legalise euthanasia; and the other to require equal treatment in education, housing, and other areas regardless of sexual proclivity.

At the end of the 20th century, the Netherlands seems as well-placed to face the challenges of the future as any time in the past 30 years. Economically healthy, socially cohesive and guided by a proven Prime Minister, the Dutch are confident about the brave new world of European unity.

The major question is whether the new partnership of Christian Democrats and Socialists can steer policy more effectively than the last one. They must simultaneously clean-up the environment, replenish the welfare system and improve public finances, probably at a time of stagnating growth.

It is a tall order - and one that will require all the skills that Mr Lubbers and Mr Kok can muster. Even more than business-like management skills, the task will require a dash of imagination and flair: commodities that seem lacking at the moment.



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THE NETHERLANDS 3

The political scene

Socialists must prove they can make a difference

NOW THAT the Labour Party seems likely to return to power after more than a decade in opposition, the Socialists must prove they can make a difference.

The Green Alliance is a new group of four small, left-wing parties - excluding the Greens - which favours radical action on the environment.

The Green Party have never really thrived because its potential constituency is split among a half dozen left-of-centre parties.

twor record. His Christian Democratic Party remained the biggest in Parliament in the elections, virtually guaranteeing him the Prime Minister's job for a third term.

KEY FACTS

- Population of the Netherlands: 14.75m. Area: 41,900 sq.km. Prime Minister: Mr Ruud Lubbers. GDP per capita: US\$15,400. Purchasing power parities in 1987: 12,252 W.Germany; 13,523 France; 12,503 U.K. Real GDP growth: 2.1% 1987, 1.6% 1978-88 average 1.4% Inflation: 1988, 0.7% 1987, -0.7% 1978-88 average, 3.1%

But Labour's seeming victory is an ambiguous one and is largely due to the losses of the Liberals - former partner of the Christian Democrats - and to the gains of other leftist parties - Green Alliance and Democrats 66.

Labour itself lost three seats in the early elections on September 6, in spite of the pragmatic appeal to voters by Mr Wim Kok, the party's leader.

As a result of its losses, narrow economic manoeuvring room and Mr Lubbers' enormous appeal, Labour will have difficulty in exercising the influence it would like.



Mr Wim Kok, Labour Party leader: facing a tough challenge

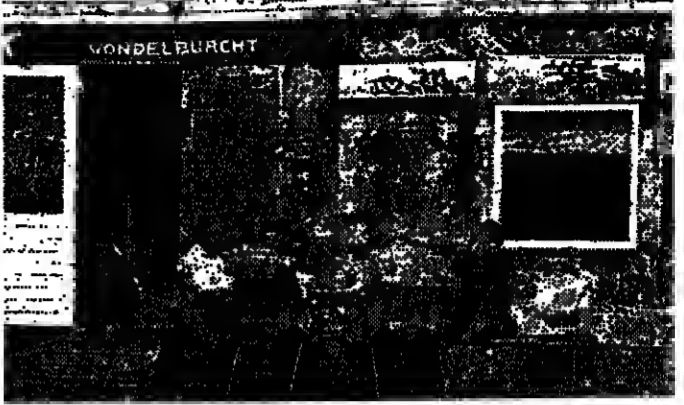
Mr Lubbers will be in a position to call most of the shots in the next cabinet, as his Christian Democrats remain the biggest party in Parliament, the Socialists must prove their new flexibility, Green Alliance and Democrats 66 have been barred from coalition talks, and the nature of coalition politics blunts confrontation.

The election results suggest that the Socialists are still struggling to define a new philosophy and identity in step with the times.

Mr Lubbers is a master of compromise, usually getting his own way while allowing the opponent to save face.

Welfare system

Debate over big tax burden



Elderly residents playing cards in Vondel Park, Amsterdam. The cost of the reversed welfare system is high.

GOVERNMENT formations offer Dutch politicians a golden opportunity to debate one of their favourite topics: the optimum size of the welfare state. They are relishing the chance now.

ever that it must move more in step with the EC to avoid jeopardising international competitiveness. The public sector is about 59 per cent of GNP, the highest in the EC and second highest of the Organisation for Economic Co-operation and Development's 24 members, behind Sweden.

want all five of the most powerful seats in the 15-member cabinet as part of their seven-seat allotment. The five-member "inner cabinet" comprises Prime Minister and ministers of foreign affairs, interior affairs, finance and defence.



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THE NETHERLANDS 4

Welfare state

Continued from Page 3
outside the home: only 42 per cent compared to 52 per cent in West Germany and 62 per cent in the UK.

Laura Raun

Manufacturing now accounts for a fifth of the Dutch economy

Industrial renaissance

A COUPLE of raw statistics give a clue to the current robust health of Dutch industry. The tonnage passing through Rotterdam, the world's biggest port, rose by 8.7 per cent in the first half of 1989, whilst the number of passengers passing through Amsterdam's Schiphol airport was up by 7 per cent.

ering strongly. Akzo and DSM, the two leaders in the Dutch chemicals industry, have also been recovering and the fact that the Dutch Government was able to sell two substantial stakes in DSM - the biggest equity offerings of their kind in the Dutch market - is testimony to the improvement in international confidence in one of the more cyclical parts of the Dutch economy.

Corporate profits are growing by 25 per cent this year

afford to invest heavily in ships. The profit growth of stocks like Elsevier and VNU, the publishers, continue to stand out and even stable blue chips like Unilever and Heineken have been reporting profit increases of 16 per cent.

tial overcapacity in areas like artificial fibres and chemicals. By contrast, insurance stocks like Nationale Medische, Aegon and Aegon - thought of as beneficiaries of any move to a single market in financial services, and Heineken - one of the world's best brand names, which will ensure it can compete.

posed to address, still persists. By contrast, insurance stocks like Nationale Medische, Aegon and Aegon - thought of as beneficiaries of any move to a single market in financial services, and Heineken - one of the world's best brand names, which will ensure it can compete.

Bold plan to clean up the environment

MOST countries are paying lip service to the need to clean up the environment. But the Dutch are pioneering in efforts to dramatically reduce pollution as well as totting-up the price tag for achieving their ambitious plan.

ing accord being drawn up now, are laying the broad financial framework for the plan. During the recent election campaign all the political parties vied to prove their "green" credentials by promising to spend even more on ecology.

admit pollution was a problem of potentially catastrophic proportions. In her Christmas speech (which she pens) Queen Beatrix issued a cataclysmic warning of ecological doom if nothing were done to tackle pollution.

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A not-so-strange move

Banking personality profile: GEORGE LOUDON
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George Loudon: as international as they come.
ted easily into London banking circles. George Loudon is as international as they come. His ancestors were Scots, he was born in New York, educated at Balliol College, Oxford, and Washington's John Hopkins University, and has an English wife.

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THE NETHERLANDS 5

Environment plan
Continued from page 4

Nearly 200 measures would impose stricter pollution standards, higher environmental norms and heavier penalties for lawbreakers.

About 90 per cent of the price tag would be borne by the polluters themselves: consumers, businesses and farmers and only 10 per cent by the state.

Total spending by consumers, business and government to clean up pollution would almost double to Fl 15bn in 1994 from Fl 8.3bn in 1989, according to the scheme.

Annual costs would then climb to around Fl 23bn by 2000 and stabilise at Fl 23bn after 2010, around 3.5 per cent of GNP.

Costs are almost certain to be higher because many voices, including that of the Prime Minister, are already calling for a "green tax" on energy usage.

Three scenarios are sketched for the most stringent measures, the least stringent and the medium level.

The plan reckons that a package between the medium and most stringent scenario will be adopted.

"The polluter pays" principle implies that the financial burden will shift away from the government and toward industry and consumers. Some estimates are that industry will pass on as much as two-thirds of its higher costs in product prices to the consumers, though that may be easier at home than abroad.

Of the Fl 8.3bn spent on the environment in 1988 industry accounted for 38.5 per cent, government 36 per cent, consumers 20 per cent and agriculture 5.5 per cent.

In 1994, industry will bear even more of the burden - 41 per cent - while consumers will also have to pick up more of the tab - 26 per cent. Agriculture will cover 9 per cent of the costs and government will be left with only 24 per cent.

The macroeconomic effects will depend largely on which measures are adopted and whether neighbouring countries take similar steps. If the plan scenario, (medium-to-stringent measures), is adopted without similar measures abroad, then GNP would be 0.2 per cent smaller in 1994 than otherwise, compared to a 1995 forecast by the semi-official Central Plan Bureau.

If other countries take comparable steps then GNP would be 0.1 per cent higher than forecast in 1996.

Laura Raun

Telecommunications

First steps in privatisation

THE DUTCH Government has never been in the vanguard of the global privatisation process.

Since 1983 there have been sales of shareholdings in some 40 companies. The Government stake in KLM, the Dutch flag carrier, has been reduced, as has its stakes in Hoogovens, DSM and the Nederlandse Middenstandsbank. But the idea of privatising great national utilities such as water or gas has never been high on the Government's priority list.

However, an exception has been made in the telecommunications industry. This is one of the country's biggest employers and the development of an efficient telecommunications network is vital, not only because it is a major growth industry, but also because its success is important to maintaining the Netherlands' leadership as the distribution centre of Europe.

It was for these reasons, rather than the need to raise substantial sums of cash, that the Dutch Government has taken the first steps in privatising the Netherlands PTT. From January 1st, 1989, it ceased to be a state enterprise and became a private sector company called PTT Nederland.

The shares are still owned by the Government but this cannot disguise the very substantial changes that have taken place. The monopoly of the postal service is now limited to first class mail up to 500 grams and in telecommunications the market for value-added network services (VANS) has been opened up to outside competition.

The same goes for the supply, maintenance and installation of much of the peripheral equipment. The Dutch have not gone as far as the British and licensed a rival operator and PTT Nederland will retain a monopoly on the provision of the infrastructure. However, the deregulation is clearly designed to improve competition.

It is too early to tell yet whether the process is having the desired effect. But PTT Nederland, the holding company for several subsidiaries, is beginning to sound and behave more and more like a major private sector company.

Like many of the top executives, the president of PTT Telecom, Mr R.J.M. Verwaayen, was hired away from IIT and now presides over a company with annual turnover of Fl 7.6bn, operating profit of Fl 1.3bn and an annual investment plan of Fl 3.5bn.

It employs 29,000 staff and its freedom from official restraint means that it can now tap the international capital markets, and it would not be a great surprise if like British Telecom, Japan's NTT and Spain's Telefonos, it eventually floated some of its shares on the stock market.

In terms of profit per employee, it already ranks well ahead of its European rivals and also compares very favourably with the regional Bell operating companies in the US, such as BellSouth, Nynex and Bell Atlantic. The Dutch have a considerable advantage since their country is so compact, but even so, PTT Telecom's productivity - measured by telephone lines per employee - is the highest in the world.

Its prices are also low by international standards and its traffic is growing rapidly, with international call volumes growing by 10 per cent per annum and domestic growth of close to 5 per cent a year.

"We have re-formulated our basic mission", says Mr Verwaayen. "So far, we have been a technology-driven company. Now we are a service provider."

His faces fierce competition in areas like the supply of exchanges, but PTT Telecom has been surprisingly successful in areas such as data communications.

The OECD, for one, is worried that there is still the possibility that PTT Telecom may abuse its monopoly position to slow the introduction of more cost-efficient services and keep prices higher than necessary.

It suggests that there is scope for some form of external constraint to increase the cost consciousness of PTT Telecom. However, Mr Verwaayen rejects the criticism - "they are not fully aware of what we are doing. If you have 6.5m customers like we have, there are some that are bound to be suspicious."

William Hall



Amsterdam: an interesting city with all kinds of transport - bicycles, buses, cars, trams and boats.

Banker's move

Continued from page 4

ment banking business inside a commercial bank - a knack which many bankers find hard to learn.

Midland has tried before to graft foreign banking skills into the higher echelons of its management team, and has rarely been particularly successful. However, London may turn out to be an exception. The Anglo-Dutch partnership in companies like Royal Dutch Shell and Unilever shows that it can produce an impressive, strong management mix.

But there is another aspect of the international careers chosen by bankers like London, which is more worrying from a domestic Dutch point of view. The Netherlands has one of the highest personal tax regimes in the world and the Dutch are fluent in several foreign languages.

The result is that Dutch businessmen are often lured away by foreign companies, reducing the local pool of available business talent.

William Hall

Amsterdam as a financial centre

City with many advantages

AMSTERDAM may be one of the smaller financial centres of Europe, but it is certainly one of the more pleasant. There are no huge, soulless financial factory developments like London's Broadgate or New York's Battery Park. There is little danger of being run down by mobile phone-hugging traders driving red Porsches, and the naked greed which is increasingly evident in more frenetic financial markets is well-hidden, if it is even there.

Amsterdam also has some obvious advantages. Its workforce and institutions have been skilled in international trade and finance over many years, it has a relatively big and growing government bond market, and it has always been one of the less heavily regulated financial centres.

In terms of stock market capitalisation, the Amsterdam stock exchange is one of the smaller European stock exchanges but in terms of trading volume it is considerably more important.

It is also one of the most international centres. Not only are Dutch banks more internationally-minded than most, but there are 230 foreign companies with Amsterdam listings, and in this respect it is second only to London in importance.

Foreigners play a surprisingly large role in the markets. They hold roughly 45 per cent of the total market value of Dutch shares and over a third of the subscriptions to new government bond issues have typically come from abroad in recent years.

Close to a fifth of all Dutch Government bonds are held overseas. At the end of last year there were 43 Dutch banks in which foreign banks held a stake of at least 50 per cent.

However, the very international nature of the Dutch economy is one of the potential weaknesses of the financial sector, since a growing proportion of the trading in Dutch paper, and particularly bonds, has been gravitating towards bigger centres, like London.



Gerrit H de Maroz Opens, secretary general of the Stock Exchange in Amsterdam

which have the advantage of much greater liquidity. Add in the fact that bigger rivals, like Frankfurt and Paris, and smaller centres like Dublin, are all intent on increasing their share of the European financial services market, and it can be seen that Amsterdam could be vulnerable.

The blue-print for the Dutch response is contained in a 35-

page document - *Amsterdam: Financial Gateway to Europe* - which was published in March this year and put together by a group of participants from the private sector but including representatives of the central bank, ministry of finance, and the stock and options exchanges.

It is a modest, but realistic, document which admits that Amsterdam is never going to rival the likes of London or New York but suggests several sensible initiatives which will ensure that it builds on its strengths and remains one of the more important second tier European financial markets.

At the Government level it wants the abolition of the tax on all securities transactions and it would dearly love the Dutch authorities to follow the example of the Bank of England and begin issuing ECU treasury bills.

Generally, the Netherlands has a good infrastructure for a healthy financial services industry. Amsterdam's Schiphol airport is well connected with other financial capitals. Rotterdam is a very important mar-

ket for trade finance - the stock in trade of any international bank - and office costs are lower than most.

However, there are weaknesses ranging from the lack of luxury housing - important for foreign bankers, if not Dutch - and the financial district suffers from being fragmented with the headquarters of major banks drifting to the outskirts of Amsterdam where efficient, purpose-built headquarters, can be constructed.

Amsterdam's role as a specialised financial centre is likely to increase. The growth of the Netherlands, and particularly Rotterdam, as the sourcing and distribution hub of Europe offers plenty of scope for developing trade finance, and the Dutch venture capital industry is already one of the biggest in Europe.

Financial processing is another big growth area and there is always just an outside chance that in all the squabbling about the home of the European central Bank, Amsterdam might win out. There could be far less desirable locations.

William Hall

For many centuries windmills have symbolized the ingenuity of the Dutch in reclaiming land from the sea.

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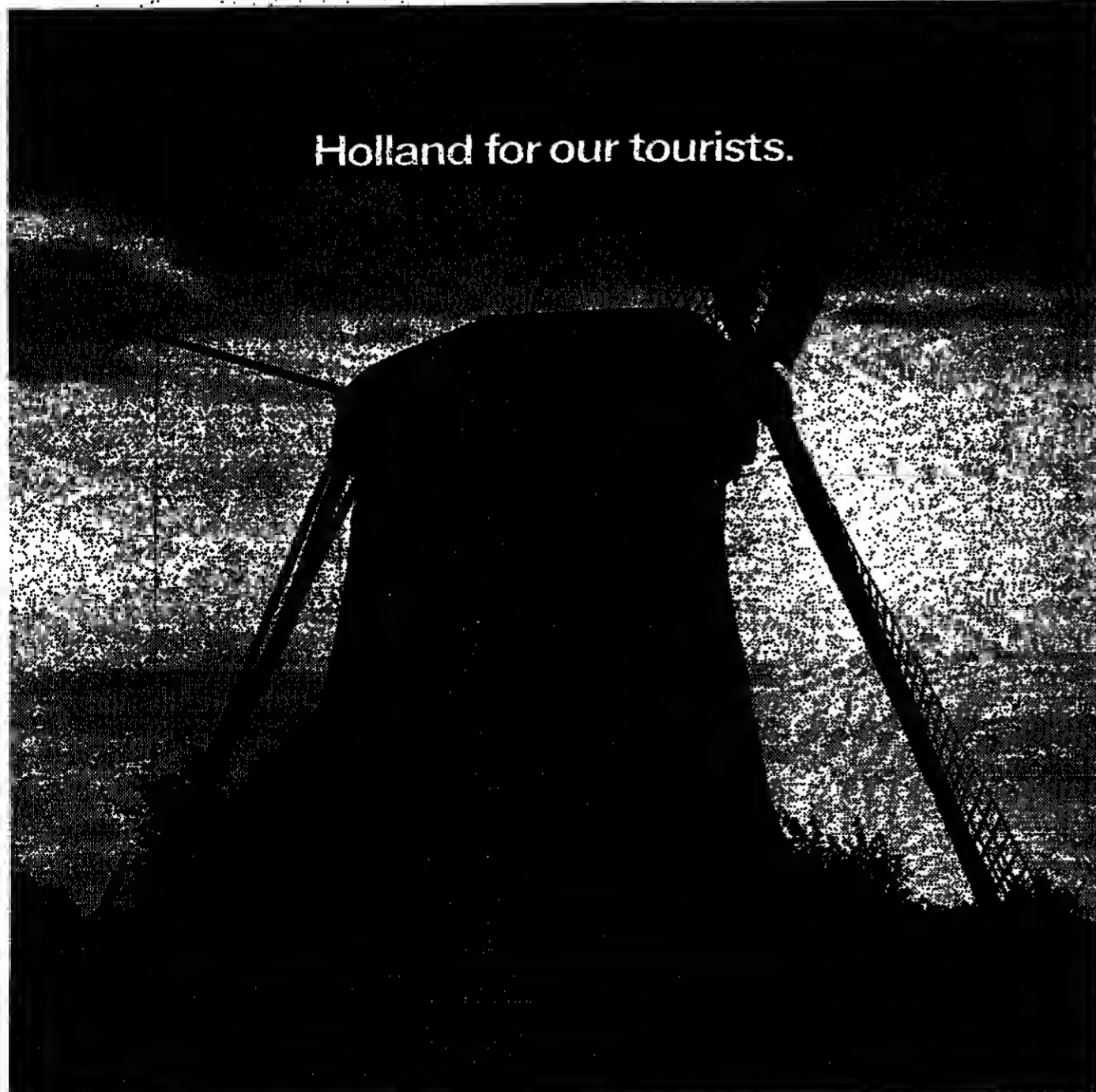
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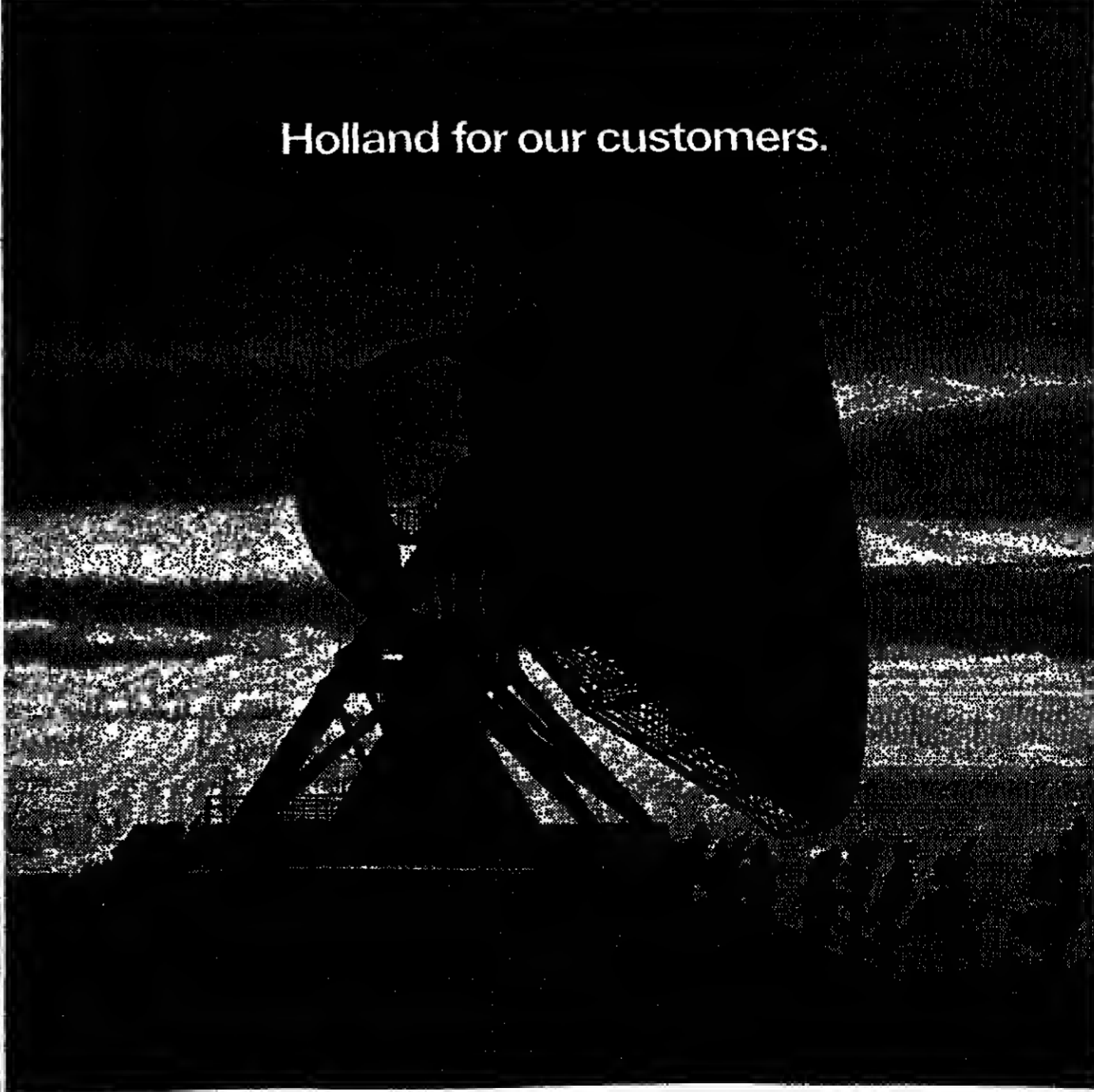
Major international companies even route their communications via the Netherlands to benefit from all our facilities. Our favourable charges are of course an added attraction.

To stay at the forefront of telecommunications, we are changing the skyline of our polder landscape here and there. Still we are, as you can imagine, very fond of our windmills.

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THE NETHERLANDS 6

Sponsorship of the arts is rising rapidly, says David Brown

A cultural revolution

JUST as Holland's era of strict budget discipline seems ready to give-way to a loosening of government purse-strings, its arts establishment is embarking on a new market-oriented path.

Long accustomed to the paternalistic (and demanding) umbrella of state support, arts administrators face a far more commercial future - not altogether unwelcome - in which popular response, ticket sales and private sponsorship are the by-words of survival.

The recent explosion in corporate sponsorship, for example, although measured from a low starting point, represents a cultural revolution for modern-day Holland.

While this more commercial-minded direction has been accelerated by The Hague's policy of benign budgetary neglect, it has also become a permanent feature in the landscape.

Government arts-spending, divided roughly equally between central and local authorities, has been frozen for eight years at some Fl 1.2bn.

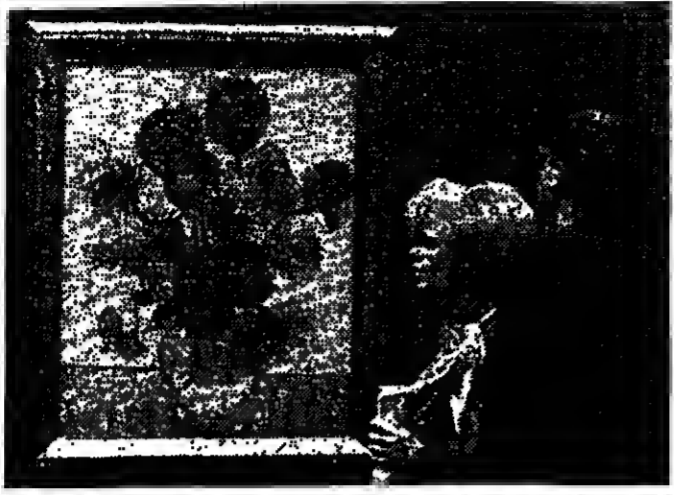
"There is no relief in sight. For example, in a few months' time, a broad-ranging re-organisation of the state museums is to be tabled. It will have important implications. While providing directors with important new autonomy over spending, hiring and management policies, it will also fix 'base budgets.' Museums will be forced to non-government financing to meet any additional needs.

For smaller museums, with fewer resources to mount the lucrative and crowd-drawing shows, this is a potentially worrying development. The bigger institutions with rich collections and more drawing-power, see the advantages outweighing the drawbacks.

What is clear is that the process which has seen corporate sponsorship rise from virtually nil five years ago to an estimated Fl 75m a year is set to gain momentum.

"In the 1990s, the sky was the limit," says Mr Tom Boxma, the Van Gogh Museum's Director for Finance. "But then, we had to economise; museums were forced to seek private help. Now, the whole situation is changing very quickly."

Indeed, one of the most stri-



Visitors at Amsterdam's Van Gogh Museum: 370 paintings and drawings will be featured in the "Van Gogh 1890" event.

king examples of this trend is the organisation of the forthcoming "Van Gogh 1890" event. An ambitious programme, timed to commemorate the centenary of the Vincent Gogh's death, it promises to be one of the major events on the international arts calendar next year.

Unique in a number of ways the programme will include a rare exhibition of the artists' profusely-illustrated letters. These letters, because of their extreme fragility and sensitivity to light, will "never again be seen by this generation," explains one organiser.

The highlight will be a retrospective pulling together the essential oeuvre from around the world - some 120 paintings and as many as 250 drawings - while a third exhibit will show germinal influences of Van Gogh on the development of modern art.

But from the business standpoint, the critical issue is how to finance such a costly and complex endeavour. With art prices spiralling upwards, the cost of obtaining the roughly Fl 5bn in insurance cover widely exceeded the original estimates.

Remarkably, with the exception of a relatively small cash contribution from the Government, virtually the entire Fl 30m programme cost is being raised from private sources, catalogue and ticket sales.

The event is being packaged and sold like gala performances at the opera and ballet,

with limited entry for specific days and times. Tickets, priced at four times the state-subsidised norm, will be sold in banks and retail outlets on a commission basis, as well as at the museums.

"This is all quite unheard-of here in Holland," says Mr Frits Becht, Holland's "arts pope" who heads the private foundation organising the entire event.

"Companies have discovered only now that they can do a lot for their image by associating it with art. Overall, the situation is still quite undeveloped."

Mr Becht has, however, managed to rope in for major sponsors for Van Gogh 1890: the KLM airline, the Douwe Egberts food group, the Dutch Savings Banks Association, and Heineken. Assis National Broadcasting for Japan has paid a "significant" additional sum for the retrospective's television and reproduction rights.

Earlier this year, a brilliant retrospective collection of works by the painters Kazimir Malevich, one of Russia's greatest 20th century artists whose works have languished in state vaults for over 80 years, was sponsored by Amsterdam-Rotterdam Bank.

Anno has been in the forefront of arts patronage for several years.

Another important shift is that companies are slowly moving from one-off sponsorship limited to individual events to longer-term structural commitments.

Moreover, attitudes within the arts establishment have also been slow to change - "the director of a ballet company often has difficulty understanding why he has to spend so much time telling funny little stories to businessmen."

Nonetheless, the atmosphere of today is radically different from that of the egalitarian-Socialist 1960s. Then, as Mr Boxma describes it, "the state was paying, we were spending, and there were no troubles at all."

Seen from a historical perspective, or course, corporate sponsorship is nothing new. It harkens back to the days of the 17th century Golden Age, when wealthy burghers financed churches and artwork by the likes of Rembrandt and others.

But, as always, Holland is seeking its own, more benign and enlightened version of the broader trend. The Dutch arts establishment is particularly intent on avoiding the pitfalls of dependence that often come hand-in-hand with corporate involvement.

New TV channels compete for advertising, reports Laura Raun

A dramatic change on the media landscape

COMMERCIAL television has finally broken through the dikes around the Netherlands and is dramatically changing the media landscape. Veronique - a commercial channel backed by Radio Tele Luxembourg (RTL) and Philips - began beaming its signal on October 2.

TV 10, a rival backed by Mr Joop van den Ende, the Netherlands' leading TV impresario, plans to start on October 28. Others seem likely to follow them into the virgin territory, where pent-up demand for TV advertising could enlarge the revenue pie and draw international media magnates.

Dramatic shifts are expected in advertising revenue, which totaled Fl 7.2bn in 1988 and is growing faster than the economy. The new government is expected to scrap the ban on commercial broadcasting and bring Dutch law in line with a recently-approved European

reflects their views and pay dues to help finance them.

Most of their financing comes from TV fees - Fl 750m - and advertising: Fl 450m. Dutch law forbids programmes that are financed solely by advertising and those from

Advertising expenditure in the Netherlands in 1988:

- Press: Fl 3,172m.
- Television: Fl 450m.
- Other media: Fl 496m.
- Production: Fl 944m.
- Direct marketing: Fl 2,115m.
- Total: Fl 7,163m.

abroad which carry adverts directed at a Dutch audience.

A limited amount of advertising is allowed - only 5 per cent of total broadcasting time (compared to a European average of closer to 20 per cent). But all the revenue goes into a central pot and is shared out among the broadcasting associations.

A holy alliance of the associations, publishers and Christian Democratic Party has successfully kept commercial TV at bay throughout 30 years of debate. They have argued that commercial broadcasting would jeopardise the unique "pluralism" of the system, undermine Dutch culture and pave the way for excessive sex and violence in programmes.

Carefully overlooked was the seditious side of Dutch television, which has offered the family gathered round the set on Sunday evening a none-too-homely graphic portrayal of gay men involved in group sex.

The combined assault of the EC and broadcasting technology, however, has brought down the barriers.

On October 3, the European Commission finally approved its "Television without Frontiers" directive, which guarantees the freedom of cross-border broadcasting.

Ironically, the directive was originally co-sponsored by Mr Gijb de Vries, a Dutch Euro MP and a media maverick in his own country. Satellite broadcasting technology has ended the airwave scarcity used by

governments as justification for heavy regulation of the skies.

A multitude of direct broadcasting signals can be bounced off satellites in a U-curve where the signal is beamed down from Earth and mirrored back down again. Every home equipped with a satellite dish can receive the signals, as can those linked to a cable network.

About 80 per cent of Dutch homes are cabled, among the highest density in the world. Veronique and TV 10 both have used the U-curve to get around the Dutch ban on commercial broadcasting. They have set up headquarters, production and transmission in Luxembourg to avoid Dutch law.

Veronique is casting itself as a European broadcaster with programmes in English, French and German as well. It has gathered around Fl 300m in financing for the first year. RTL has put up 51 per cent and the rest is from Philips, the Dutch electronics giant, SNCI (Luxembourg Investment Bank), NMB Bank and Credit Lyonnais.

Philips' interest is in promoting high-definition TV, which it views as a highly promising and profitable product for the future. Mr Lex Harding, Veronique's general director who sports a designer-stable beard, predicts that the station will break even by the beginning of the second year if the current trend continues.

Veronique has commitments for Fl 130m in advertising and revenue spurred up after the station went on the air, he explained. TV 10 has promises of Fl 210m in adverts, according to Mr Andries Overste.

Mr van den Ende is still lining up financing, having begun with his own production company and venture capitalists but names cannot be disclosed, Mr Overste says.

The flamboyant Mr van den Ende has even hinted of a desire to link up with THOS, one of the existing broadcasting associations for whom he has provided much programming. He boasts of a stable of stars and repertoire of successful game shows previously

"We have the talent in-house, the creativity," he enthuses publicly. "We are going to do something with it. We are going to broadcast on October 28. People cannot keep us off the screen any longer."

Television advertising accounted for only a paltry 6 per cent of the total spent in 1988, according to the Dutch Association of Recognised Advertising and Advice Bureaus. That is expected to climb to levels closer to the 38 per cent in the UK and 45 per cent in Italy, according to Mr Andries Overste, media director of TV 10.

Pent-up demand for TV advertising amounts to another Fl 600m on top of the Fl 450m funneled through the government pot to the broadcasting associations. Veronique and TV 10 expect to cut into bought by the existing associations, but now providing programming for TV 10.

The new government is expected to scrap the ban on commercial broadcasting

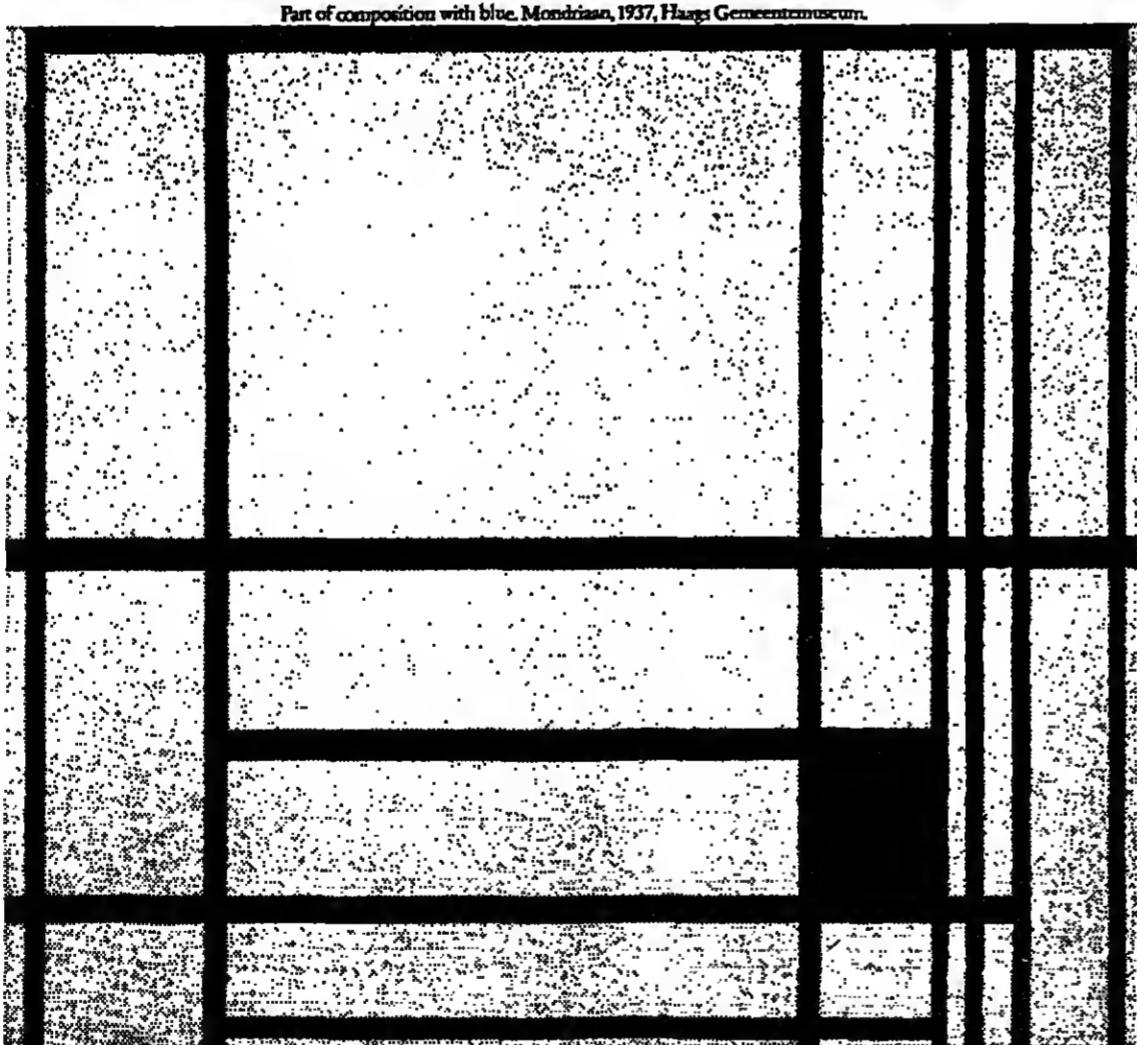
the bigger pie as well as siphon-off revenue from newspapers and magazines.

Print advertising accounted for an overwhelming 44 per cent of all advertising spending last year, but that percentage is expected to shrink. Veronique and TV 10 are battling head-on, offering similar fare for an audience that is hardly expected to grow.

Lots of amusement and entertainment, a good shot of sports and some news are on the menu. Not surprisingly, Dutch viewers like Dutch programmes and watch them around 88 per cent of all viewing time, in spite of more than a dozen foreign channels available.

In a unified Europe where the Dutch feel that their language and culture is somewhat threatened, Veronique and TV 10 may find an eager audience.

Laura Raun



Part of composition with blue, Mondrian, 1937, Haags Gemeentemuseum.

What does this Dutch artist share with Rabobank? Clarity, strength and vision.

Mondriaan's paintings are characterised by clear lines, and strong use of form and colour, based on very definite views on his art. Similarly, Rabobank has carefully developed its own vision of banking. As Dutch industry grew, so did Rabobank, building up a network of 2,200 offices to become the largest domestic bank. With one third of all Dutch companies doing business with Rabobank. Today, with total assets of US\$ 80 billion, Rabobank is one of the top 50 banks in the world, with offices in major financial centres and ports around the globe. If you are thinking of doing business with the Netherlands, contact Rabobank. You'll find that our clarity is our strength.

Rabobank 
The Art of Dutch Banking

Rabobank Nederland, Croeselaan 18, 3521 CB Utrecht, the Netherlands. Telex #0200. New York, Dallas, London, Antwerp, Paris, Luxembourg, Zürich, Singapore, Hong Kong, Jakarta, Curacao, ADCA-BANK (Frankfurt, Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart).

INTERNATIONAL COMPANIES AND FINANCE

Procordia puts forklift truck offshoot up for sale

By Nick Garnett

KALMAR INDUSTRIES, the forklift truck manufacturer, has been put up for sale by its parent, Procordia, the Swedish state-owned holding group in a further shake-up of the world's lift truck industry. Procordia is prepared to sell Kalmar complete or break it up and sell off its constituent units separately. Kalmar had lift truck sales last year of SKr1,649m (\$285m) and employs 2,000 staff. The separate units are Kalmar LMV in Sweden, Kalmar Climax in the UK, the former Allis-Chalmers lift truck operations in the US, and two warehouse systems businesses in West Germany called Iron and Larf. The businesses outside Sweden were all purchased in 1986

and 1987 as part of a big expansion programme by Kalmar. Some of the businesses which were loss-making have been turned around but the US operations are still losing money. Procordia, which has been restructuring, said yesterday it was concentrating its activities in consumer products and services and Kalmar did not fit in with this strategy. The world's lift truck industry, especially in Europe, has gone through a series of ownership realignments in the past three years. Two large deals took place this year. One was the purchase of Hyster of the US by Naeco, another American company making forklifts under the Yale name, to form Hyster-Yale. The other was the purchase of the privately-owned Lansing group in the UK by Linde of West Germany, Europe's biggest lift truck maker. Several smaller suppliers in France, Spain, West Germany and, to some extent, the US have been absorbed in the past few years. The principal acquirers have been Linde, BT of Sweden, Jungheinrich of West Germany and Lancer Boss of the UK. As well as this development, a large number of producers have formed production or marketing arrangements with their main Japanese and South Korean competitors. Principal lift truck makers will be issued with a purchase prospectus for the Kalmar businesses early next month.

Aerospaciale buys laser optronics arm of CGE

By William Dawkins in Paris

AEROSPACIALE, the French state-owned maker of aircraft and missiles, yesterday purchased for an undisclosed sum the laser optronics activities of Compagnie Générale d'Electricité (CGE), the diversified engineering and electronics group. The purchase completes Aerospaciale's attempts to build up the capacity to research, develop and produce defence systems based on medium and high energy lasers, said the aircraft group. CGE will hand over its Laboratoire de Marcoussis, based near Paris, which will be regrouped into a new company, Laserlot, expected to have a turnover of FF775m (\$119m) this year. The aircraft group plans to gather this, and its existing interests in other laser beam producers, into a single holding company, to be named Unilas. These other interests include full ownership of Quantel, which makes lasers for scientific and industrial use, plus a 28 per cent stake in another industrial laser business, Lisa, with operations in Nevers and Frankfurt, West Germany. Aerospaciale also has a 40 per cent shareholding in Cilas, a military laser business, purchased from Alcatel, a CGE subsidiary, with an annual turnover of FF220m.

Ryanair flies into storm clouds

Kieran Cooke reports on an aerial dogfight over the Irish Sea

When Ryanair made its debut on the Irish aviation scene four years ago it caused a sensation. The small, privately-owned Irish airline quickly made its mark, offering low cost fares across the Irish Sea. Air travellers frequently using Dublin airport applauded as Ryanair and Aer Lingus, the state owned carrier, competed for passengers. Air fares fell dramatically, availability of flights improved considerably. But now Ryanair is in trouble. Last week it announced revised results for 1988 with a loss of £7.54m (£10.42m). Last year Ryanair went through a very difficult period, said the company's management. Ryanair is 90 per cent owned by members of the family of Mr Tony Ryan, millionaire Irish businessman and head of GEA, the world's biggest aircraft leasing company based at Shannon in the Irish Republic. While Mr Ryan's two sons are Ryanair executives, the GEA boss is looked on as the prime mover behind the scenes. Mr Ryan and others have now pumped a further £22m into the company. But for this cash injection it seems likely that Ryanair would have had to cease operations. Mr P.J. McGoldrick was brought in as Ryanair's chief executive late last year. The airline started to run into problems early last summer. It just didn't have the organisation or structures to cope with the way business had grown. We had over-expanded our fleet. The company has now been



P.J. McGoldrick brought in as chief executive last year

profitable parts of Aer Lingus, which made a pre-tax profit in its last financial year of IS1.2m, is its 15 per cent shareholding in GEA. There is some public sympathy for Ryanair's plight. Passengers point out that, before Ryanair arrived on the scene, an unrestricted London-Dublin air fare could cost as much as £200. Now a similar ticket can be as low as £70. Air traffic in and out of Ireland has improved dramatically from 1.85m passengers in 1985 to a projected 4.2m this year. "Ryanair has been responsible for opening up new regional airports in Ireland. It pioneered use of the much-decried Knock airport in the west of Ireland and now operates 2,000 flights each year from there to its main UK base at Luton. Aer Lingus has complained bitterly about a recent Irish Government decision allowing Ryanair exclusive rights on routes to Liverpool, Stansted and Munich. Mr Seamus Brennan, Ireland's Minister for Tourism and Transport, has given the message that if the routes were not granted, Ryanair could be permanently grounded. Mr McGoldrick admits Ryanair took a beating, particularly on the Manchester route. "I never wanted a battle with Aer Lingus. "Ryanair has proved there is enough business out there for both of us. I'm not going to waste the Ryan's money fighting Aer Lingus," said Mr McGoldrick. Ironically, one of the most

ment of favouring private over state enterprises. Attention will now be focused on just how quickly Ryanair can pull itself out of the red. It has been forced to withdraw from unprofitable routes, such as London-Amsterdam and London-Brussels, and is now concentrating on expanding regional services in and out of Ireland's airports. It is also making considerable investments in tourism infrastructure in Ireland. Leasing planes has proved an expensive exercise. Three of six BAC III's on lease from the Romanian carrier Tarom, along with their Romanian pilots, are being returned this winter. Ryanair now has three of the advanced turbo prop. French/Italian ATR's on a lease/option arrangement from GEA. It has another 10 ATR's on order. "The ATR is a state-of-the-art aircraft ideal for making connections between Dublin or Ireland's regional airports and Britain and the continent," said Mr McGoldrick. He feels further traffic expansion in and out of Ireland is inevitable. "When the Channel Tunnel is completed, Ireland will be the only EC country without a landbridge to the continent. Air access is going to be vital. The Irish Government has thrown Ryanair a lifeline by granting it exclusive routes. But those routes have only been granted for three years. If Ryanair is not in the black by 1992 even the pockets of Mr Ryan might not be deep enough to bail out the young upstart of the Irish skies.

Rabobank opens Spanish link

By Peter Bruce in Madrid

RABOBANK, the big Dutch co-operative bank, has paid £16m (\$28.5m) to buy a 1.25 per cent stake in Banco Popular, one of Spain's big commercial banks, in an effort to tap into the growing commercial links between the two countries. The purchase, which will give Rabobank a seat on the Popular board, is the third small stake taken by European

institutions in Popular this year. Allianz, the West German insurer, has a 3.7 per cent stake and the Bayerische Hypotheken-und Wechsel-Bank has 1.3 per cent. Popular uses these stakes as a way of collecting powerful European allies to fend off what its co-president, Mr Javier Valls, yesterday called "sharks in the market." In return, Allianz, Hypo-Bank

and, now, Rabobank are able to make use of Popular's extensive domestic branch network in Spain. Mr Valls said Popular remained open to advances from other European institutions. Mr Henry Klarenbeek, Rabobank's deputy chairman, said in Madrid he expected the alliance to generate up to £1 200m of business in the next few years.

Nobel forecasts Skr1.1bn profit

By John Burton in Stockholm

NOBEL INDUSTRIES, the Swedish industrial conglomerate with interests in armaments and chemicals, yesterday predicted profits after financial items will rise 17 per cent from SKr954m (\$144m) to around SKr1.1bn in 1989. Reported profits during the first eight months rose 45 per cent to SKr661m, while sales increased 12 per cent to SKr14.3bn. Sales grew in all areas, except biotechnology where revenues fell 12 per cent.

Sandoz sales up to SF9.48bn

By John Wicks in Zurich

SANDOZ, The Swiss chemicals and pharmaceuticals group, yesterday announced a 25 per cent increase in sales to SF9.48bn (\$5.85bn) for the first nine months of 1989. Group earnings for the period are substantially higher than for the comparable nine months in 1988, Sandoz said, without giving details. It expected a considerable increase in profit for the full year.

Legal action launched over use of Deloitte name

By Richard Waters

LEGAL action was launched yesterday over the use of the name Deloitte, following the break-up of the international accountancy firm Deloitte Haskins & Sells. A writ was issued by the firm's UK partners, seeking an injunction preventing the US partners from using the name in the UK. The action is also against the UK partners of Touche Ross, which has merged with the rump of Deloitte's international firm. The Deloitte name has been in use in the UK since 1945, when William Welch Deloitte

first began practising as an accountant. This firm linked up with the US firm Haskins & Sells in 1978. The association broke up last month when it emerged that Deloitte in the UK had decided to merge with Coopers & Lybrand, rather than Touche.

The UK partners may claim the link with the US was not a full merger, and they still own the goodwill in the Deloitte name. This argument follows a common view of international accountancy firms, that they are loose associations rather than unified entities.

Wärtsilä in Dutch deal

By Enrique Tessler in Helsinki

WARTSILÄ, the Finnish diesel, securities and sanitary equipment group, has acquired a 60 per cent stake in Stork-Werkspoor Diesel, the Dutch medium-speed diesel company.

Stork-Werkspoor Diesel, with sales of around FM400m (\$98m), will retain the 40 per cent minority shareholding in the company. The acquisition will strengthen Wartsilä's position as the world's leading supplier of medium-speed diesel engines, the Finnish company said.

Restructuring hits Nokia

By Enrique Tessler

NOKIA, Finland's largest listed company, says sales for the first eight months of 1989 rose to FM12.72bn (\$5.2bn) from FM12.48bn for the same period last year. Operating profit improved to FM485m from FM435m but profit before tax and minority interests dropped to FM256m from FM402m.

Net profit fell to FM181m from FM200m. Mr Jorma Ollila, senior vice president, said profits are not expected to improve until next year, due to present restructuring efforts. Nokia expects net sales for 1989 as a whole to top FM22bn and operating profit to emerge at around FM977m. However, net profit for this year is forecast to fall substantially short of last year's FM1.15bn. The data division maintained sales at FM3.02bn and cables and machinery managed a 5.5 per cent gain to FM2.69bn. Telecommunications turnover jumped by 49.8 per cent to FM1.5bn.

Advertisement for BINDAL AGRO CHEM LTD. Includes the headline 'What NRIs would like to know... about BINDAL AGRO', a table of financial facts, and details about the issue of 12.5% fully secured Convertible Debentures of Indian Rs. 200/- each.

Advertisement for Companhia Vale do Rio Doce (CVRD) U.S. \$200,000,000 Euro-Commercial Paper Programme, including logos and names of participating banks and agents like J.P. Morgan and Samuel Montagu & Co. Limited.

INTERNATIONAL COMPANIES AND FINANCE

Bond brewing deal delayed over accounts

By Chris Sherwell in Sydney

BOND CORPORATION'S complex AS2.5bn (US\$1.9bn) brewing deal with Lion Nathan of New Zealand will not be set formally into motion for another two weeks, apparently because of delays in producing its accounts.

POSEIDON PLANS TO RAISE A\$316M IN SHARE PLACEMENT

POSEIDON, the expanding Australian gold company controlled by Mr Robert Chapman de Crespigny, is to raise A\$316m (US\$243m) through a share placement and rights issue, writes Chris Sherwell.

and the disclosure that Freeport McMoRan, the US minerals group, has reduced its stake in Poseidon from 14.6 per cent to 8.3 per cent. It also follows Poseidon's acquisition from Mr Alan Bond last month of a 20 per cent stake, together with management control, of Gold Mines of Kalgoorlie (GME).

companies face suspension. The National Companies and Securities Commission (NCSC), Australia's stock market watchdog, has rejected Bond's suggestions that its private investigations into various transactions have delayed the accounts. The commission's investigations are meanwhile continuing.

Large-scale retrenchment helps Gencor lift profits

By Jim Jones in Johannesburg

LARGE-SCALE retrenchments in the past year have continued to curb costs and boost profits at many of the mines managed by Gencor, South Africa's second largest mining house.

mining projects on the drawing board which could provide employment for as many as 30,000. He cautioned, however, that no new deep-level mines were likely to be established at present gold prices.

Table with 3 columns: Gold produced (kg), After-tax profit (Rm), Earnings per share (cents). Rows include Beatrix, Brakpan, Buffels, Grootvlei, Kinross, Lesle, St Helena, Stillfontein, Uniase, W.Rand Cons, Winkbank.

Table with 3 columns: Gold produced (kg), After-tax profit (Rm), Earnings per share (cents). Rows include Randfontein, W. Areas.

JCI hit by high operating costs

SHARPLY HIGHER operating costs during the September quarter overwhelmed gold price increases for the two operating gold mines managed by Johannesburg Consolidated Investments, writes Jim Jones.

INTERNATIONAL APPOINTMENTS

Bristol-Myers Squibb post-merger changes

BRISTOL-MYERS Squibb, the world's second largest drugs group formed from the recent US merger of Bristol-Myers and Squibb Corporation, announced that Mr Jan Leschly has resigned as Squibb president to pursue opportunities outside the group.

York-based bank. They are Mr Robert Mason, Mr Bill Robinson and Mr Adam Sack, who will be joining Enakida on November 6 and be responsible for developing buy-out activities in Europe.

The company also reported some organisational changes, including Mr William Comer's assumption of the new position of president of Bristol-Myers Pharmaceutical Research and Licensing Group.

Mr Mason, senior member of the team, was a Morgan Guaranty vice president and set up its leveraged transactions unit for the UK and Europe.

Mr Comer will report to Mr Richard Furlaud, Bristol-Myers Squibb president, as will Mr Edgar Haber, president of Squibb Institute for Medical Research.

INTERGRAPH, a leading US-based computer-aided design system manufacturer, said that Mr Jim Meadlock, the chairman, has relinquished his other role of president but assumed a new position of chief executive officer.

NORTHERN TELECOM, of Canada, the world's largest supplier of digital telecommunications systems and which is 52 per cent owned by Canada's BCE, appointed former US Secretary of Defence Mr Frank C. Carlucci III to its board of directors.

Mr Elliott James was named president, and he will share responsibility for managing the company with Mr Meadlock.

He is filling a vacancy created by the death in May of Mr William Sobey, who was honorary chairman of Sobey's Stores. Mr Carlucci is currently vice chairman of Carlyle Group, a merchant banking concern.

DEERE, of the US, world's largest maker of farm equipment, elected Hans Becherer, formerly both president and chief operating officer, to the post of chief executive.

ENSKILDA Securities, part of Skandinaviska Enskilda Banken, Sweden's largest commercial bank, has recruited three executives from Morgan Guaranty Trust, a leading New

York-based bank. They are Mr Robert Mason, Mr Bill Robinson and Mr Adam Sack, who will be joining Enakida on November 6 and be responsible for developing buy-out activities in Europe.

US\$100,000,000 MARINE MIDLAND BANKS, INC FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999 HONGKONGBANK LONDON LIMITED INTEREST DETERMINATION AGENT

Bayer: Expertise with Responsibility.

Bayer Boosts First-Half Profit. Chemicals Giant Expects Full-Year Results to Top 1988. Includes text about Bayer AG sales growth and various business development statistics.

The results for the first half of 1989 point to a continuation of our past business successes. In 1988 our total dividend payout was the highest ever distributed to the shareholders of a publicly-held German corporation. The basis of this success is Bayer's scientific and technological expertise, our advanced range of products, and our world-wide organization.



Companies must make a profit. But we also have a responsibility to think of others.

This announcement appears as a matter of record only.



European Investment Bank

Italian Lire 200,000,000,000
11 1/2% Bonds due 1995

Issue Price of the Bonds: 100.375%
Issue Date: 31st July, 1989

Banca Nazionale del Lavoro

Cassa di Risparmio delle Provincie Lombarde - Cariplo

- List of participating banks including Akros S.p.A., Banco di Napoli, Chase Investment Bank, etc.

This information appears as a matter of record only.

New issue October 18, 1989

KfW Kreditanstalt für Wiederaufbau
Frankfurt am Main

DM 500,000,000 Floating Rate Notes of 1989/1999

Issue Price: 100.15%

Interest: 1 1/2% below 6-month LIBOR

Advanced The Notes may be called for redemption

Redemption: by the issuer on the interest-payment-date falling in October 1984 and on any October-interest-payment-date thereafter at par, or by each Noteholder on the interest-payment-date falling in October 1984 and on any October-interest-payment-date thereafter at 99.95%.

- List of participating banks including Dresdner Bank, Commerzbank, Deutsche Bank, Salomon Brothers AG, etc.

INTERNATIONAL CAPITAL MARKETS

Egyptian investment funds lose trading applications

By Tony Walker in Cairo

EGYPT'S Money Market Authority has blocked applications from three of the largest Islamic investment funds to continue operating...

The controversial decision appears to signal the end of the road for the companies, whose depositors ran into the tens of thousands.

"This is the moment of reckoning," a foreign banker said. "These companies most probably had too many irregularities, and too little money to meet their obligations."

The rejected applicants were Al Hoda Misa, Al Hezag, and IC Cairo.

The authority, the Government's chief financial regulatory body, rejected an application...

Earlier this month from Badr Investments. Only two of the larger institutions - Al Saad and Al Sherif - have been allowed to continue operating...

The authorities cracked down early last year when a number of the institutions struggled to meet obligations. They were asked to freeze their activities while government-commissioned auditors conducted a thorough probe.

Under the new law, companies going into liquidation have to give one year in which to repay their depositors. Institutions permitted to continue trading have been given three to four years to settle outstanding accounts.

An official at one of the rejected investment houses said yesterday that his company had not been officially informed of the decision. "I read about it in the papers," he said. The authority was unavailable for comment.

The authorities have unravelled the affairs of the deposit takers with considerable caution, prompted by fears of riots among disappointed depositors.

Hundreds of thousands of Egyptians have lost part or all of their savings, but time appears to have softened the blow. "People have resigned themselves to their losses," a foreign banker said. "If I were a depositor I would probably have written the money off a long time ago."

Orix Corp establishes specialist finance unit

By Andrew Freeman

Orix Corporation, the largest Japanese leasing company, formerly known as Orient Leasing, has set up a specialist corporate finance company via Orix Europe, a subsidiary of its European holding company.

Orix Corporate Finance (OCF), the new London-based company, will provide specialist financial services for European clients.

Using links with Orix's extensive financial services division, it aims to connect borrowers with debt and equity deals, mainly on a private placement basis.

Mr Allan Wilson and Mr Antony Wood, former Morgan Stanley managers, will manage OCF, with Orix Europe retaining a controlling interest.

Both managers have an equity stake, as will future employees. The venture is backed by an initial capital investment of £1m (£1.5m), with access to a subordinated loan facility of £5m.

OCF hopes to create structured deals for clients in what it believes will be a unique arrangement. Mr Wilson said: "We will be the only leasing company doing both the arranging and the distribution of debt and equity deals, mainly on a private placement basis."

He added OCF would initially concentrate on the UK and the Benelux countries as the principal areas of Japanese investment interest. OCF will try to by-pass the intermediaries which currently dominate the origination side of the Japanese private placement business in which leasing companies are already leading providers of subordinated capital.

Because they are not banks, the leasing companies are not subject to BIS capital requirements and can adopt a more flexible approach to risk. However, through their leasing businesses they have built extensive investor networks willing to lend capital.

Leasing now represents only about 30 per cent of Orix's turnover.

TSE 'close' to decision on UK firms

By Michio Nakamoto in Tokyo

THE TWO-YEAR campaign by Barclays de Zoete Wedd (BZW) and James Capel, UK securities firms, to obtain membership on the Tokyo Stock Exchange could be settled by the end of the year.

Mr Minoru Nagaka, TSE president, reaffirmed yesterday that a special committee reviewing the issue would discuss details of the membership to be offered when it next met, in early November. He hoped the issue would be settled before the end of the year.

The TSE, which has faced criticism from the UK Government for failing to offer membership to the two UK firms two years ago, came under renewed pressure when Mrs Margaret Thatcher, the British Prime Minister, raised the issue several times during her Japanese visit last month.

At its last meeting the TSE committee adopted a proposal to offer one of three possible special memberships. However, none of them was likely to meet the approval of the foreign firms concerned as they would have considerably restricted their trading activity on the exchange.

It is unclear whether the present move to discuss "the specific contents" of new memberships at the next committee meeting mean that full or restricted status or both are to be offered.

Mr Mitsuo Sato, senior managing director of the TSE, said the issue of membership status was "pending." The committee would discuss qualification standards and fees while trying to determine which companies qualified and their standing.

The TSE has said the lack of space at the exchange was the main difficulty it faced in offering new memberships and that the exchange could not accommodate foreign brokers at the expense of smaller Japanese firms still seeking seats.

Mr Wilson said: "We will be the only leasing company doing both the arranging and the distribution of debt and equity deals, mainly on a private placement basis."

He added OCF would initially concentrate on the UK and the Benelux countries as the principal areas of Japanese investment interest.

OCF will try to by-pass the intermediaries which currently dominate the origination side of the Japanese private placement business in which leasing companies are already leading providers of subordinated capital.

Because they are not banks, the leasing companies are not subject to BIS capital requirements and can adopt a more flexible approach to risk.

However, through their leasing businesses they have built extensive investor networks willing to lend capital.

Leasing now represents only about 30 per cent of Orix's turnover.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table of international bonds with columns for Issued, Bid, Offer, Yield, etc. Includes US Dollar, Yen, and other currencies.

Average price change: On day 0 on week -0.4

Table of other straight bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day 0 on week -0.4

Table of floating rate bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day +0.01 on week 0.0

Table of convertible bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day -0.1 on week -0.1

Table of straight bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day -0.1 on week -0.4

Table of straight bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day -0.1 on week -0.4

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Table of straight bonds with columns for Issued, Bid, Offer, Yield, etc.

Average price change: On day -0.1 on week -0.4

Japan may ease Samurai bond terms

JAPAN'S Ministry of Finance will probably bow to foreign pressure and again loosen requirements on Samurai bond issues, Reuter reports from Tokyo.

Foreign organisations are attracted to Samurai bonds - which are yen-denominated and issued in Japan by foreign companies or agencies with a minimum term of four years - because of their high profile among Japanese investors and the diversity they add to fund-raising efforts. They now want to issue shorter-term bonds.

"Samurai will eventually become little different from the European market," a manager at a securities house said.

The recent issue of the first ever three-year Samurai by the European Community paved the way for liberalisation, another manager said.

A Finance Ministry official stressed the EC Samurai was an exception due to specific EC money needs, but underwriters believe the practice will soon spread to other issues.

Many managers felt the ministry would now find it hard to reject short-term issues requested by other international organisations.

About 27 issues of Samurai and Daijyo Yen bonds issued in Japan by foreigners that can be settled through international clearing systems worth ¥74.5bn had been made by mid-October, against 22 issues worth ¥68.5bn for all of calendar 1988.

Rising volume and a freer market are gradually causing triple-A and double-A rated European debtors to renew contacts with Japanese investors after being absent for several years.

In the past, most Samurai issues were made by developing countries interested in long-term debt. But high-rated issuers sought shorter-term issues partly because they need swap funds. Longer-term instruments are relatively hard to swap into other currencies.

In July the ministry scrapped ceilings on the amounts and maturities of Samurai. It used to link them to credit ratings.

But restrictions on minimum maturity have been left intact due to strong objections from Japanese banks.

Their prime concern is that deregulation might be extended to domestic debtors, which could raise capital through bonds rather than bank borrowing.

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INTERNATIONAL CAPITAL MARKETS

Hectic activity fails to conceal underlying volatility

By Andrew Freeman

HECTIC new-issue activity on Eurobond markets yesterday failed to disguise the volatility of investor sentiment as world financial markets continued to exhibit nervousness. Most of the day's deals were aimed at specific demand and gave little...

INTERNATIONAL BONDS

Indication of the Euromarket's overall direction. Evidence of underlying tension was provided by the poor performance of a \$100m four-year bullet-maturity deal brought by Yamaichi for Mitsubishi Corporation Finance. The bonds offered a spread of 88 basis points over Treasuries at launch, but came under pressure as traders complained the terms were too tight. They said the deal did not sufficiently acknowledge the widening of corporate bond spreads since the stock market roller-coaster began last week. After initially supporting the deal, Yamaichi let it fall to less...

2 bid, well outside full fees of 1% per cent. At that level the spread was about 10 basis points wider and the deal steadied. The borrower is a well-rated corporation and rivals syndicate officials said the deal had been badly handled. Yamaichi also brought an equity warrants deal for Kishin Electric Railway, this time to a firm reception. The bonds traded at 10 1/2 bid, a large premium to their par issue price. Credit Suisse First Boston was the lead manager of a \$200m floating-rate note issue for the Indian Oil Corporation. The notes carry the guarantee of the Indian Government and offer a coupon of 3.1 point over six-month Libor. The deal was launched as a fixed-price offering, with the syndicate asked to reoffer the notes at 98 1/2, 1/2 point inside the par issue price. Full fees for syndicate members were 36 basis points, implying an 11 basis point profit on sales made at the reoffer level. The syndicate was not formally...

broken yesterday. Traders said there was demand for the paper and reported sales in the Far East. Indian risk is an acquired taste, but the notes are selling, said one dealer. Bankers Trust International brought a \$150m five-year deal for Safim, a wholly-owned finance subsidiary of Enim, the Italian state-owned industrial group. The bonds offered a coupon of 9 per cent and were priced at 101.50 to yield around 10 1/2 basis points over Treasuries. Bankers Trust was quoting the paper at less 1.80 bid, inside fees. However, there were bids away from the lead manager at less 1%, a discount equivalent to full underwriting fees. Dealers expressed mixed opinions on the issue. Some said they understood the borrower's credit profile and found it easy to place paper while others argued the deal was not attractive enough on an asset-swapped basis. It is understood that some of the issue was asset-swapped to yield around 1/2 point over Libor. Bankers Trust said there was complicated engineering behind the issue, with a multi-legged swap producing funds in both fixed and floating-rate Lire as well as other currencies. Merrill Lynch was the sole...

NEW INTERNATIONAL BOND ISSUES table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book runner

manager of the first undated sterling-denominated variable-rate note issue, a \$200m deal for National Westminster Bank. The notes, which qualify as upper tier 2 capital under central adequacy rules, offered an initial margin of 1/2 point over Libor. The issue follows an open offer to buy-in the borrower's perpetual floating-rate notes issued in 1984. Merrill said the variable-rate notes were placed with institutions and would not trade actively. No prices were available, and fees were not disclosed.

Japanese brokers plan aggressive foreign bond sales

LEADING Japanese brokers plan to sell foreign bonds aggressively to institutional clients during the rest of the business year which ends in March, Keater reports from Tokyo. Returns on foreign bonds are relatively attractive and brokers expect active demand from investors who want to boost overall returns. Brokers also have confidence in the dollar's underlying strength. Nomura Securities announced last month that it planned to increase foreign bond trading. Some dealers said Nomura aimed to earn \$200m (\$14m) a month in margin fees for the rest of the year from all bond trading, against \$20.7m for the six months to March 31 1989. The lion's share of the improvement is expected to come from foreign bonds. Nomura declined to comment on the figures. A strategist at Nomura's bond trading division said: "We will be focusing on US Treasury bonds. But we will also devote energy to beefing up trading of bonds of European and other currencies." The other Big Four Japanese brokers have also said they would boost foreign bond trading. Mr Yoshikazu Kiyoto, manager at Nikko Securities' international bond department, said: "Given pessimism for yen bond prices due to overhanging concern about local inflation, investors may want to keep buying foreign bonds in coming months." This would depend on the currencies in which the bonds were denominated staying firm. "If Nomura does it, there's no reason why we won't do it," Mr Kiyoto added. Confidence in the dollar is strong due to its resilience in the face of a 50 basis point rise in Japan's discount rate last Wednesday and the poor US trade figures last Tuesday. A money market manager at a US money centre bank said: "Expected Fed easing could trim further the buoyancy of the dollar... but may not be impressive enough to cool down Japanese demand for the dollar." Instead, the easing will make US bonds attractive investment alternatives for the Japanese. There is a spread of about 270 basis points between Japanese and US benchmark securities. Mr Hideo Takemura, deputy general manager at Yamaichi Securities' foreign bond department, said one reason for the shift to foreign bonds was changing accounting standards by leading institutional investors. In February banks were required to calculate income and capital gains in a single book. They previously boosted income from yields at the expense of capital gains because only the former was accepted as profit from primary operations. Life insurance firms, the biggest institutional foreign bond investors in Japan, are still eager to raise coupon incomes as the Finance Ministry prohibits them from paying capital gains income to policy holders as annuities. But industry sources said the ministry might change the rule and some insurers were already trying to boost capital gains. "These trends lead to demand for more frequent trading and better tools to hedge positions," Mr Takemura said. Hedge demand from investors will be met by listing T-bond futures on the Tokyo Stock Exchange on December 1 and through the growth of T-bond over-the-counter options trading. Mr Shoburo Ishihara, manager at Yamatane Securities, stressed: "European options trade here will be especially pivotal as a driving force for foreign bond trading." Mr Takemura said another attraction was 24-hour trading, with centres in New York, Chicago and London. But one bond investment manager said the medium-term outlook of the yen was up and T-bond prices could be undermined by a fresh supply in November. This could mean that the only short-term chance for brokers to attract investors was third-quarter US gross national product data tomorrow, which could confirm the US economy was slowing down.

CME imposes \$500,000 fine on Capcom Futures

By Katharine Campbell

THE CHICAGO Mercantile Exchange has exacted its largest ever fine, of \$500,000, from Capcom Futures and the firm has agreed to leave the exchange. It withdrew from the Chicago Board of Trade (CBOT) at the end of June. The firm was charged with violating minimum customer margin requirements and with a variety of accounting and book keeping deficiencies. A former affiliate, Capcom Financial Services, which had been a substantial player in both the London and American futures markets, was expelled during the course of the year by the Association of Futures Brokers and Dealers, the UK futures self-regulatory authority, and the CBOT. The authorities' concern about Capcom Financial Services originated last year with the arrest of Mr Syed Ziauddin Ali Akbar, the managing director, on drug and money laundering charges.

US Treasuries recoup losses, then dip to close mixed

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved higher yesterday morning, recouping the losses incurred on Tuesday but then dipped back to close mixed. In late trading, short and medium-dated maturities stood up to 1/2 point higher while necessary conditions. The US Federal Reserve continued its policy of adding modest amounts of liquidity to the banking system yesterday, announcing \$1.5bn in customer repurchase agreements. The central bank has done customer repurchases, an unaggressive way of providing liquidity, every day of this week so far. The late weakness in the bond market on Tuesday and probably yesterday was partly due to the prospect of substantial new supply. The weekly auction of three and six month Treasury bills on Monday will total \$15.6bn, larger than the \$15.2bn expected. Fed Funds ended at 8%. Talk has started to engage that banks are preparing to cut their prime rates when it is clear that the Fed has lowered its Fed Funds target to 8% per cent. That is not clear yet. AFTER THE upheavals of the past few days the German and UK government bond markets threatened to revert to their customary quiescence.

BENCHMARK GOVERNMENT BONDS table with columns: Country, Coupon, Yield, Price, Change, Week, Month

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES table with columns: Index, Change, High, Low, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market indices like British Funds, Corporate Bonds, etc.

LONDON RECENT ISSUES

Table listing recent issues in equities and fixed interest stocks with columns: Issue, Amount, Price, etc.

LONDON TRADED OPTIONS

Table listing various options contracts with columns: Option, Price, etc.

FIXED INTEREST

Table showing average gross redemption yields for various fixed interest instruments.

RIGHTS OFFERS

Table listing rights offers for various companies with columns: Issue, Amount, Price, etc.

TRADITIONAL OPTIONS

Table listing traditional options with columns: Issue, Amount, Price, etc.

40 opening index 2149.5, 10 am 2138.2, 11 am 2147.6, Noon 2153.4, 2 pm 2145.4, 3 pm 2146.9, 3.30 pm 2151.4, 4 pm 2159.3, 5 pm 2160.0. 9.45 am 2147.6, High and low record, base data, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. FT ALL SHARE INDEX: Share capital changes for the constituents can be found daily on Topic page no. 10243.

UK COMPANY NEWS



Remaining Koppers businesses make £21m after financing costs
Beazer advances 24% to £142.5m

By Andrew Taylor, Construction Correspondent

BEAZER, the UK building materials, housebuilding and contracting company which last year paid £1.74bn for Koppers, the Pittsburgh-based aggregates and chemicals group, yesterday announced a 24 per cent increase to £142.5m in annual pre-tax profits.

The British group financed the purchase of Koppers by sizeable borrowings. Since then it has sold Koppers' chemical business for \$673m. Even so, group debt was yesterday reported as being £1.13bn equivalent to 97 per cent of shareholders' funds of £1.17bn.

Even after financing costs, the remaining Koppers' businesses managed to contribute £21m to group profits in the year to end-June.

Mr Brian Beazer, chairman, said the group planned to reduce gearing during the next 12 months. Economic and market conditions in the UK, however, were expected to make life more difficult - particularly for the housing market where high mortgage interest rates were affecting sales.

"The group's UK housing

BEAZER OPERATES 17 quarries in the Greater Bay area of San Francisco, devastated on Tuesday evening by an earthquake, writes Andrew Taylor.

Mr Brian Beazer, chairman of the UK group, announcing the company's latest annual results at noon in London yesterday, said he still had to speak to US managers but it was inconceivable that the quarries would not have sustained some damage.

This was unlikely to be major and the quarries were expected to be back in action very quickly.

"The sad thing is that all this destruction and loss of life will produce increased business for our quarries as bridges, roads and buildings are replaced and repaired. Judging by first reports a great deal of work will need to be done," said Mr Beazer.

sales in the first 3 1/2 months of the current financial year are down compared with the corresponding period last year but were comparable to levels in 1987 which was a good year," he said.

US building materials were substantially higher in the opening months, despite bad weather in the US which had curtailed construction work. There were also signs of softening of markets in New York state and Atlanta.

Mr Beazer said he was more

optimistic about prospects in the US where interest rates, inflation and wage rises were lower than in the UK. He was confident the group would produce satisfactory results in 1989-90 year despite more difficult economic circumstances in the UK.

The acquisition of Koppers and of Gifford-Hill, the Dallas-based cement company purchased in 1986, has substantially altered the balance of Beazer's operations.

The US side accounted for

£121.3m or 83 per cent of group operating profits of £228.3m. The figures included strong performances from Koppers, from housebuilding in Georgia, Carolina and Tennessee and from Gifford-Hill's building material businesses in California. The Texas building materials market remained weak.

US profits in the previous year - without the benefit of Koppers - were £38m, accounting for just over 30 per cent of operating profits of £124.7m.

UK profits rose from £85.4m to £106.1m. French Kier turned in a loss of £2.6m despite a sharp recovery in the second half. At the half-year stage it had reported losses of £11.4m.

Mr Beazer said the group had benefited from exceptional increases in UK house prices in 1988 which had increased margins to levels which were unlikely to be seen again for some years.

During the 12 months the group had sold 6,086 homes at an average price of £72,000 compared with 6,276 homes at £59,000 the previous year.

Mr Beazer said he expected the group to sell fewer houses in the UK in the current financial year.

Taxable profits were struck after an exceptional credit of \$11.4m relating to the sale of Beazer's holding in BM Group.

Group turnover rose 47 per cent from £1.34bn to £1.97bn. Fully diluted earnings per share increased by 20 per cent to 27.45p (22.88p).

The recommended final dividend of 5.05p makes a total of 7.5p (6.38p) for the year.

See Lex

Losses rise sharply to £7.66m at Dan-Air

By John Ridding

DAVIES & Newman Holdings, owner of Dan-Air, the UK scheduled and charter airline, yesterday announced a sharp increase in first-half losses from £1.38m to £7.66m.

The shares, which stood at over 900p in February lost another 20p to close at 585p.

The company traditionally suffers first-half losses because of the timing of the peak holiday season but was hit harder this year because of the depressed tour market, an increase in aircraft lease rental payments and a near doubling in interest charges from £2.43m to £4.65m.

Hence while turnover increased from £141.5m to £163.9m in the six months to June 30, losses per share soared from 12.4p to 70.6p. The interim dividend is held at 4.5p.

However, the group said that the sale of its stake in Dan-Smedvig, an oil drilling and well servicing company, and the sale of its two Airbus aircraft - one of which will be leased back - should ensure that it comes out in the black by the year-end. In 1988 it made pre-tax profits of £9.92m.

Davies & Newman warned in June that Dan-Air had suffered a setback as a result of the downturn in the charter flight market, particularly in the second quarter. Mr Fred Newman, chairman and founder, said that the downturn had continued during the summer season although there had been some improvement in scheduled services.

As a result of the forecast reduction in the tour market in 1989, Dan-Air has decided to reduce its number of charter aircraft seats by about 160 out of just over 4,000.

The company's shipping business was said to have performed well, as did the travel agency. But the contribution from associated companies fell sharply during the period, from £1.09m to £14,000.

The 50 per cent holding in Dan-Smedvig and a 26 per cent stake in Dan-Smedvig Supply Ships was sold for £2.68m to Smedvig, Davies & Newman's erstwhile partner in the ventures.

WCRS unveils restructuring to focus on media-buying side

By Ray Bashford

WCRS Group yesterday announced details of a restructuring plan which will reduce sharply its involvement in advertising and expand the more profitable media-buying operations.

The deal hinges on the £202m purchase of the 50 per cent of Carat, Europe's leading media buying group, which WCRS does not already own, and the acquisition by Eurocom, the Paris-based advertising group, of a significant minority stake in WCRS.

WCRS has been negotiating for more than six months to purchase the outstanding shares in Carat, to add to the 50 per cent acquired last year, as a means of expanding its media-buying business and of giving it direct access to the company's strong cash and profits generating sources.

The UK group's media-buying operations returned operating profits of £27.86m in the 14 months to June 30. The contribution from Carat compensated for a weak performance in its traditional advertising business and allowed WCRS to report pre-tax profits of £31.1m, compared with £18.25m in the 12 months to April 30, 1988.

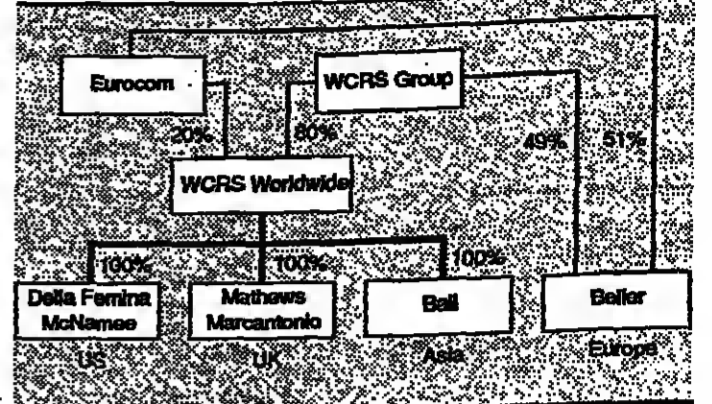
Speculation has surrounded WCRS shares for the past few months since the negotiations became public and triggered several weeks of sharp movements. Directors yesterday requested that trading be suspended at 300p while the agreement was put into place.

Apart from the higher margins that are available in media-buying, WCRS also believes that it lacks the muscle to independently finance expansion in advertising and strengthen its competitive position against the industry's majors.

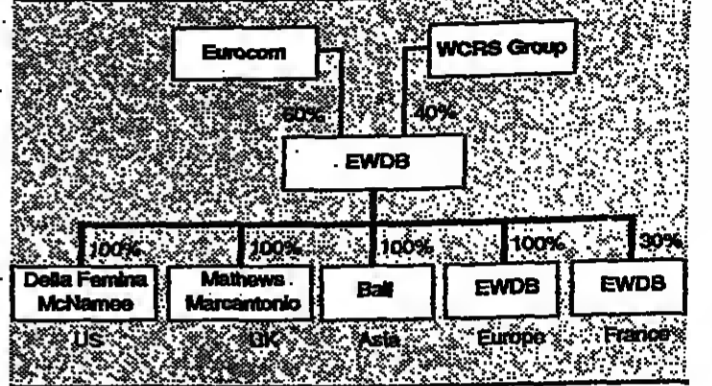
The rash of international advertising mergers during the past 18 months has tightened operating conditions and complicated WCRS's task of generating satisfactory profits while remaining independent.

At the completion of the deal, 80 per cent of WCRS's turnover will be generated through media-buying, with the rest derived through public relations, sports sponsorship and advertising.

Old ownership



New ownership



The £202m price for the remainder of Carat compares with \$88m paid for the first half. Payment will be split almost evenly between an initial £100m on completion and the remainder in four equal annual instalments.

The initial payment will comprise \$68.7m cash with the rest in shares. Up to 50 per cent of the deferred payments will be in cash, with the rest in either cash or cash and shares.

To finance the initial cash element, the company intends to issue Euro convertible preference shares. However, directors said that in the light of the current uncertainty in equity markets, alternative financing arrangements had been put in place for use if necessary.

Carat vendors will have 25 per cent of the enlarged capital of WCRS when the purchase is completed. Eurocom, which is 42 per cent controlled by Havas, the diversified French media and advertising group,

has agreed to purchase shares from the vendors and take a 10 per cent stake in WCRS.

The French ownership in WCRS could swell to almost 30 per cent if Eurocom chooses to purchase additional shares through the market and lift its holding to 14.9 per cent.

The final element of the deal involves Eurocom increasing its holding in the WCRS Advertising subsidiary from 20 per cent to 60 per cent and in Groupe Belier WCRS from 51 per cent to 60 per cent. WCRS will receive £43.5m in cash for the sale of the stakes and the achievement of profit targets could lift this by a further £2m.

With Eurocom in control after this restructuring, the company believes that the new group could become an increasingly powerful force in international advertising. It is planned to issue up to £100m of loan notes to finance expansion, with both companies having the right to subscribe.

Eagle Trust AGM set for December

EAGLE TRUST, the mini-conglomerate which is currently the subject of a Serious Fraud Office investigation, is to hold its delayed annual general meeting on December 13.

The meeting was originally scheduled for next month.

However, Mr David James, Eagle's new chairman, wants to discover the identity of beneficial owners behind a significant stake in the company

before explaining the company's position to shareholders.

It is thought the group's 1988 accounts will not be available until after the December meeting.

Separately, the administrators of Paramount Airways have called a meeting for creditors of the charter airline company which used to be controlled by Mr John Ferri-

day, Eagle's ex-chairman, and his partner Mr Richard Smith.

The meeting will be held in London on November 3.

The administrators hope to establish a creditors' committee and seek approval to dispose of the airline as a going concern or "otherwise realise the company's assets".

This announcement appears as a matter of record only

October 1989

ASDA GROUP PLC

£500,000,000
Multiple-Option Facility

Arranged by
National Westminster Bank PLC

Underwritten by
National Westminster Bank PLC

The Fuji Bank, Limited
Midland Bank plc
Amsterdam-Rotterdam Bank N.V.
Lloyds Bank Plc
The Mitsui Bank, Limited
The Royal Bank of Canada
The Tokai Bank, Limited
The Toyo Trust and Banking Company, Limited

The Sumitomo Bank, Limited
Société Générale, Manchester Branch
The Bank of Tokyo, Ltd
The Mitsubishi Trust and Banking Corporation
Rabobank Nederland, London Branch
The Sanwa Bank, Limited
Union Discount Company Limited

Additional Tender Panel Members

Algemene Bank Nederland N.V., Manchester
Banca Nazionale del Lavoro, London Branch
Banque Indosuez
Bayerische Landesbank Girozentrale, London Branch
Cassa di Risparmio delle Provincie Lombarde - CARIPO, London Branch
Clydesdale Bank PLC
Credit Lyonnais, London Branch
The Dai-ichi Kangyo Bank, Limited
Hessische Landesbank Girozentrale, London Branch
The Industrial Bank of Japan, Limited
Morgan Grenfell & Co. Limited
Istituto Bancario San Paolo di Torino
Swiss Bank Corporation
Union Bank of Switzerland, London Branch

Agent
National Westminster Bank PLC

NatWest Syndications

This announcement appears as a matter of record only

October 1989

ASDA GROUP PLC

£320,000,000
Transferable Term Loan Facility

Arranger and Agent Bank
Swiss Bank Corporation

Lead Managers

Algemene Bank Nederland NV
Deutsche Bank AG
The Industrial Bank of Japan, Limited
Swiss Bank Corporation

Managers

Banca Nazionale del Lavoro
Bayerische Landesbank Girozentrale
Kansai-Osaka-Paniki
Westdeutsche Landesbank

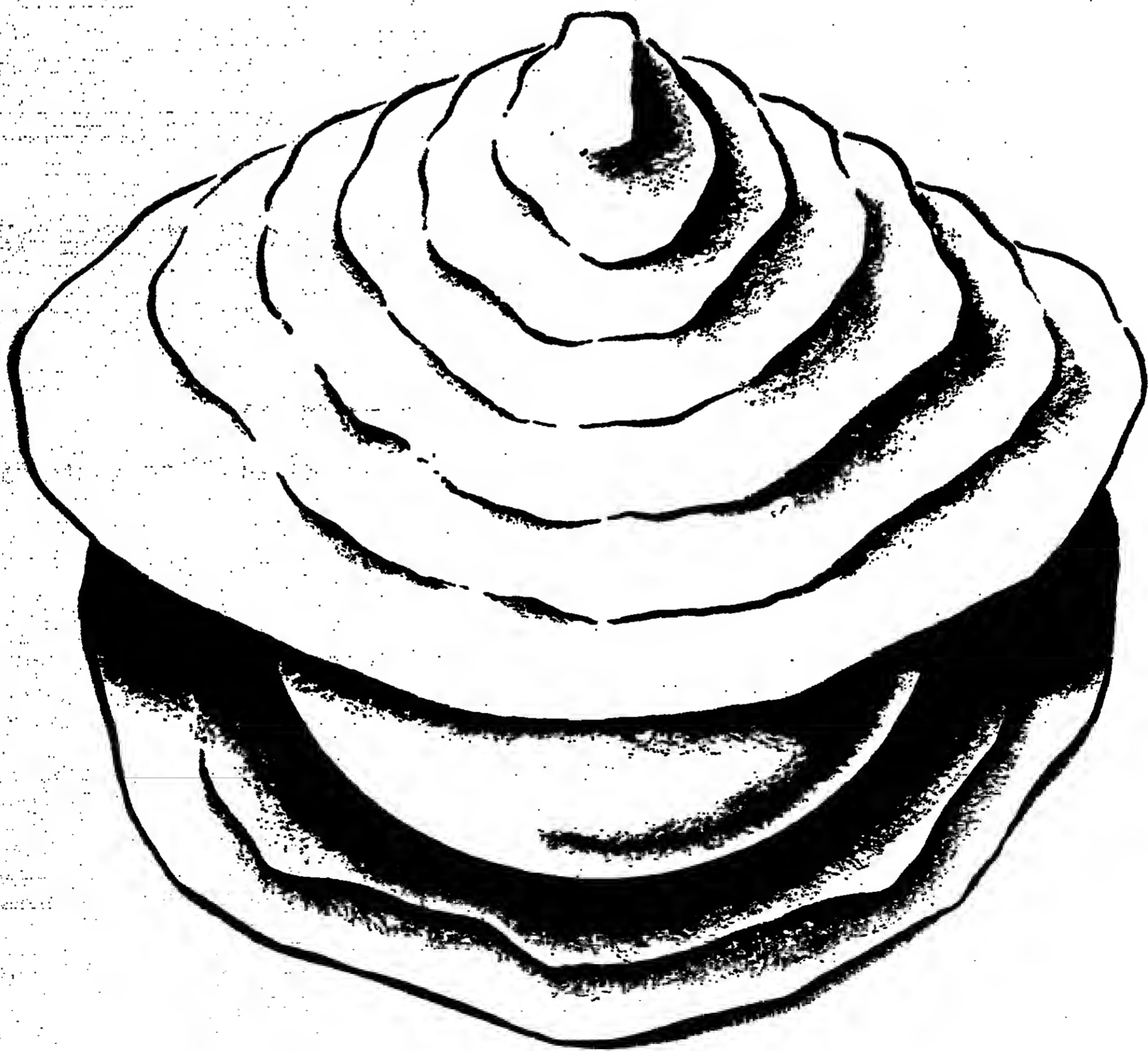
Participants

Banco di Napoli
Clydesdale Bank
Hessische Landesbank-Girozentrale
The Sumitomo Bank, Limited

Amsterdam-Rotterdam Bank NV
The Fuji Bank, Limited
The Sanwa Bank, Limited
Union Bank of Switzerland
Barclays Bank PLC
Istituto San Paolo di Torino
Rabobank Nederland
Banque Indosuez
Credit Lyonnais
National Westminster Bank PLC
Union Discount Company Limited

Swiss Bank Corporation
Investment Banking

WE ARE INNOVATORS.
WE SET THE PACE
WITH A STRING OF SUCCESSES.



UK COMPANY NEWS

Heavy investment in new aerosol plant at root of downfall
Receivers appointed at Talbex

By Clay Harris

RECEIVERS have been appointed at Talbex Group, a contract filler of consumer aerosol products... Talbex is the second publicly quoted UK company to go into receivership...

The receivers will seek a buyer for Talbex's aerosol division as a going concern... Royal Bank yesterday said Talbex's future had been given 'very intense consideration'...

investment at the Southport plant, at which butane rather than chlorofluorocarbons is used as the propellant in aerosol products... Mr Talbex's 29.3m outstanding multi-option facility with Royal Bank...

but informed the company only on Monday, nearly two months later and 12 days after the shares were suspended... The Companies Act normally requires directors to disclose dealings in their company's shares within five working days...

EMAP forms first European partnership

By Raymond Snoddy

EMAP, the fast-growing British publishing and communications group, yesterday formed its first European partnership, a joint venture with the French publishing group Bayard Press...

aimed at the over-50s. The magazine is one of France's top ten sellers, with a circulation of 1.5m... The 50-50 joint venture is with Choice Publications, the EMAP subsidiary which publishes Choice...

tions also acquired Yours, the monthly newspapers for the over-40s... The financial terms of the joint venture were not disclosed...

zine in Choices. 'We think we can adapt the skeleton,' he said. In particular the French publishers believe they can advise on bringing a more practical edge to its editorial content...

Amber Industrial plans chemicals expansion

By Andrew Hill

AMBER INDUSTRIAL Holdings, the industrial aerosols manufacturer controlled by the Cayzer family... Amber announced yesterday that it hoped to declare an interim dividend of 4.4p...

cleaning fluids and degreasing solvents, for example - and its sister company Formal Blending... Amber intends to use £1.5m of the surplus after proceeds to move its Ambersil industrial aerosol subsidiary from Basingstoke to Bridgwater...

£1.68m in shares for 22.5 per cent of a new company formed to buy the two businesses... Some £200,000 cash will be paid for certain fixed assets and stocks plus a further £200,000...

Directors said the improvement was attributable to both the UK and Dutch garment subsidiaries which were the main contributors to the growth in turnover...

NEWS DIGEST

Banner Homes dives to £168,000

PROFIT MARGINS of Banner Homes, a USM-quoted house-builder operating mainly in Oxfordshire and Buckinghamshire, were severely hit in the six months to June 30...

contributed to rental growth for the first time. Turnover totalled £12.7m (£9.62m). Earnings emerged at 17.9p (18.8p) and the interim is increased to 6.5p (6p)...

Chesterfield Properties grows

In spite of a rise of over £2m in interest charges Chesterfield Properties was able to record a 16 per cent increase in pre-tax profits to £5.29m for the first six months of 1989...

Modest assets rise at First Charlotte

Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.23p at end-September. Gross revenue for the interim period was £245,000 (£201,000) and pre-tax profits were £147,000 (£104,000)...

House of Leroze shows 19% gain to £605,000

The House of Leroze, a designer and manufacturer of ladies' fashionware, posted a 14 per cent increase from £539,000 to £605,000 in pre-tax profits, on turnover ahead 11 per cent to £10.12m...

Petrocon helped by rationalisation

Petrocon Group, where a change of management and a capital restructure took place earlier this year, raised profits from £105,000 to £511,000 pre-tax for the six months to end-June. Turnover rose over £1m to £4.55m...

Silvermines shoots ahead to £4m

Pre-tax profits surged from £1.13m to £4.14m (£3.76m) at Silvermines Group in the six months to June 30. Turnover at the Dublin-based company also advanced strongly from £6.28m to £9.58m...

Bridgend Group marginal increase

Bridgend Group, the manufacturer and distributor of electronic, security and electrical products, reported pre-tax profits up 4 per cent from £170,000 to £177,000 in the six months to end-June...

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY - Index of industrial production, manufacturing output (1982 = 100); engineering orders (£ billion); retail sales volume (1982 = 100); retail sales value (1982 = 100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Table with columns: Indicator, 1988, 1989 (Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep), and 1989 (Oct). Rows include Industrial production, Engineering orders, Retail sales value, Registered unemployment, etc.

Table with columns: Indicator, 1988, 1989 (Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep), and 1989 (Oct). Rows include Exports, Imports, Balance of trade, etc.

Table with columns: Indicator, 1988, 1989 (Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep), and 1989 (Oct). Rows include Wholesale prices, Retail prices, etc.

This announcement appears as a matter of record only



Mirror Group Newspapers Limited

Lease of

£150,000,000 Printing Equipment

Provided by

Barclays Mercantile Business Finance Ltd

Forward Trust Group

Lloyds Leasing Limited

Royal Bank Leasing Ltd

Hill Samuel Asset Finance Ltd (member of the TSB Group)

Baltic Leasing Ltd (A wholly owned subsidiary of Baltic Plc)

Facility arranged by National Westminster Bank PLC Structured Finance Group - Leasing Unit

June 1989

NORTHERN ROCK BUILDING SOCIETY £100,000,000 Floating Rate Notes Due 1995 Interest Rate: 15 1/8% per annum

Beatrix Mines Limited

(Incorporated in the Republic of South Africa - Company Registration No. 77/22138/0)

Share capital: Authorized - 150 000 000 ordinary shares of no-par value Issued - 85 000 000 ordinary shares of no-par value

Report for the quarter ended 30 September 1989

Financial statement table with columns: Quarter ended 30.09.1989, Quarter ended 30.06.1989, 12 months ended 31.08.1989. Rows include Income, Interest received, Royalty, Dividends, etc.

REMARKS: (i) The figures are unaudited. (ii) The report has been approved by the board. (iii) On 30 August 1989 dividend No. 3 of 43 cents per share was declared payable to shareholders registered on 15 September 1989.

Registered head office: General Mining Building, 6 Holford Street, Johannesburg 2001. Johannesburg office: 20 Eyre Place, Johannesburg 2001.

Copies are available from the London office, 30 Ely Place, London EC1N 6JA

T H E C O L O U R O F E X C E L L E N C E .

LUCAS GREEN. UNIQUE SYSTEMS
AT THE HEART OF THE WORLD'S GREAT
AIRCRAFT. SUCH AS THE ELECTRONIC
FUEL CONTROLS ON THE ROLLS ROYCE
ENGINES OF THE LATEST BOEING 747.

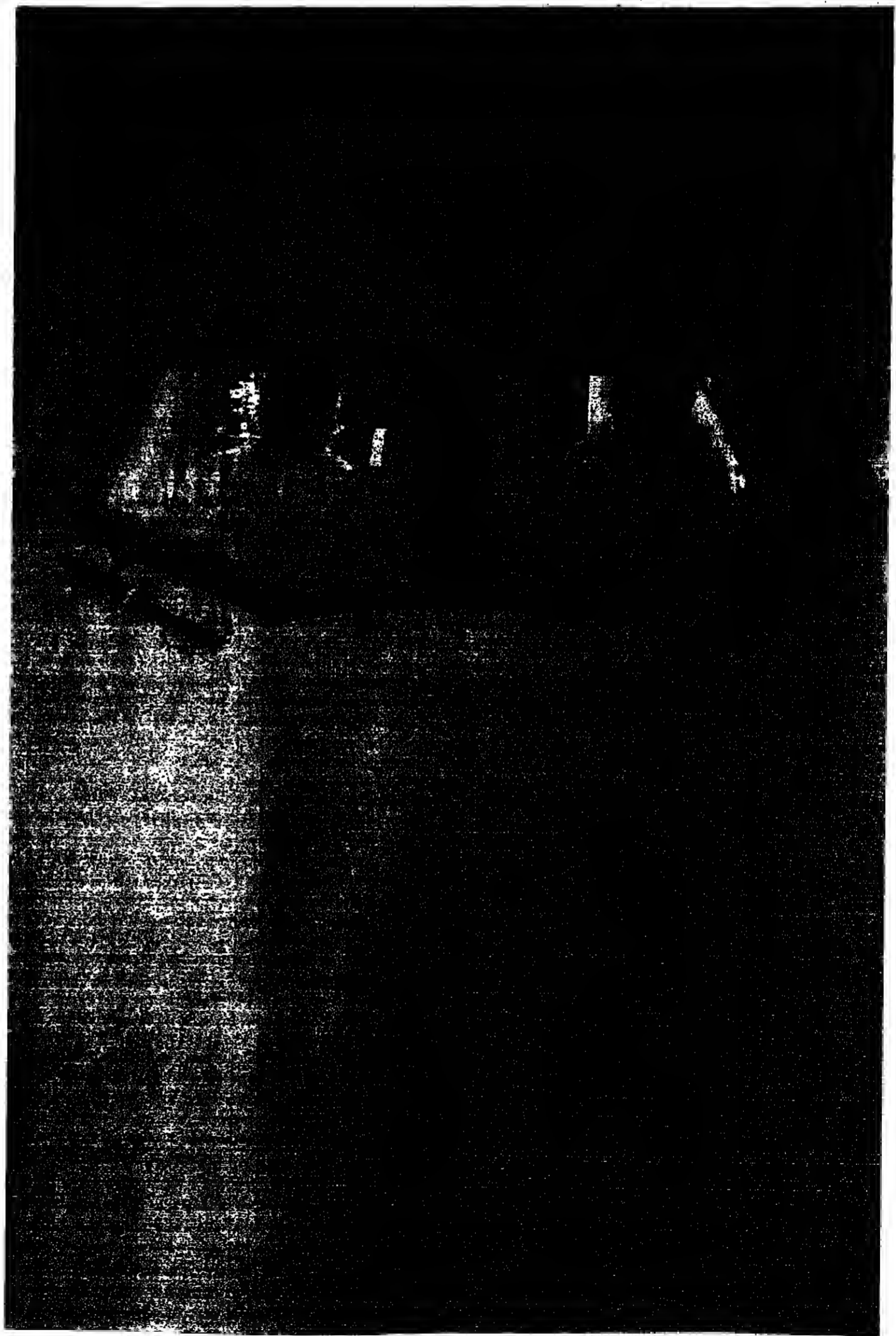
OUR COLOUR

Lucas

STANDS AS A SYMBOL OF TECHNOLOGICAL
EXCELLENCE NOT JUST IN AEROSPACE
BUT IN AUTOMOTIVE AND INDUSTRIAL
SYSTEMS - WORLDWIDE.

EXCELLENCE REFLECTED IN THE
FINANCIAL PERFORMANCE OF THE LUCAS
GROUP AS A WHOLE AND ILLUSTRATED BY
OUR STRONG GROWTH IN EARNINGS PER
SHARE OVER THE LAST FIVE YEARS.

WHICH MAKES LUCAS GREEN THE
COLOUR OF PROFITABILITY - AS WELL AS
EXCELLENCE.



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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Call 01-825-2128

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth, Abbey Income, etc., with columns for name, type, and price.

Table listing unit trusts under the heading 'Authorised Unit Trusts', including Abbey Unit Trust, Abbey Growth, Abbey Income, etc.

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GUIDE TO UNIT TRUST PRICING. Includes sections for 'UNIT PRICING', 'UNIT TRUSTS', 'UNIT TRUSTS', and 'UNIT TRUSTS'.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information, organized into columns for various trust categories and individual trust names with their respective prices and details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including names like 'Windsor Unit Trust', 'Windsor Bond', and 'Windsor Equity', along with their prices and details.

INSURANCES

Table listing insurance companies and their unit trusts, including 'AA Friendly Society', 'Aberdeen Life', and 'Aberdeen Unit Trusts', with prices and details.

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2129

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns by company name (e.g., Prudential, Standard Life, Sun Life, etc.), with sub-columns for various metrics like price, yield, and performance.

OFFSHORE AND OVERSEAS

GUERNSEY (GB REDUCED)

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Table listing various unit trusts and their performance metrics.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds, their managers, and performance metrics.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and yield.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, rate, and terms.

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UNIT TRUST NOTES: Please refer to notes on page 34 for details on unit trusts.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Bank, American Express, and American International, with columns for stock price, bid, offer, and volume.

CANADIANS

Table listing Canadian companies such as Canadian National, Canadian Pacific, and Canadian Tire, with columns for stock price, bid, offer, and volume.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Bank of Toronto, and Finance Trust, with columns for stock price, bid, offer, and volume.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Carlsberg, Heineken, and J. & J. White, with columns for stock price, bid, offer, and volume.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, offer, and volume.

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Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease, with columns for stock price, bid, offer, and volume.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, ICI, and ICI, with columns for stock price, bid, offer, and volume.

DRAPERY AND STORES

Table listing retail and drapery companies such as Debenhams, Debenhams, and Debenhams, with columns for stock price, bid, offer, and volume.

BUILDING, TIMBER, ROADS

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DRAPERY AND STORES - Contd

Table listing retail and drapery companies such as Debenhams, Debenhams, and Debenhams, with columns for stock price, bid, offer, and volume.

ELECTRICALS

Table listing electrical companies such as British Electric, British Electric, and British Electric, with columns for stock price, bid, offer, and volume.

ENGINEERING - Contd

Table listing engineering companies such as BAE Systems, BAE Systems, and BAE Systems, with columns for stock price, bid, offer, and volume.

DRAPERY AND STORES

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ENGINEERING

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ENGINEERING - Contd

Table listing engineering companies such as BAE Systems, BAE Systems, and BAE Systems, with columns for stock price, bid, offer, and volume.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Asda, Asda, and Asda, with columns for stock price, bid, offer, and volume.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Whitbread, Whitbread, and Whitbread, with columns for stock price, bid, offer, and volume.

INDUSTRIALS (Miscel.)

Table listing various industrial companies such as British Airways, British Airways, and British Airways, with columns for stock price, bid, offer, and volume.

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Table listing various industrial companies such as British Airways, British Airways, and British Airways, with columns for stock price, bid, offer, and volume.

INSURANCES

Table listing insurance companies such as Aviva, Aviva, and Aviva, with columns for stock price, bid, offer, and volume.

LONDON SHARE SERVICE

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LEISURE

Table of stock prices for Leisure sector including companies like British Skyways, British Caledonian, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of stock prices for Paper, Printing, Advertising sector.

PROPERTY

Table of stock prices for Property sector.

TEXTILES - Contd

TOBACCO

TRANSPORT

Table of stock prices for Textiles, Tobacco, and Transport sectors.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land sector.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, Land sector (continued).

OIL AND GAS - Contd

Table of stock prices for Oil and Gas sector.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders.

PLANTATIONS

Table of stock prices for Plantations.

MINES

Table of stock prices for Mines.

MINES - Contd

Table of stock prices for Mines (continued).

MISCELLANEOUS

Table of stock prices for Miscellaneous sector.

THIRD MARKET

Table of stock prices for Third Market.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors, Aircraft Trades.

Commercial Vehicles

Table of stock prices for Commercial Vehicles.

Components

Table of stock prices for Components.

Geographic and Distributors

Table of stock prices for Geographic and Distributors.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers, Publishers.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, Advertising.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather.

SOUTH AFRICANS

Table of stock prices for South Africans.

TEXTILES

Table of stock prices for Textiles.

Finance, Land, etc

Table of stock prices for Finance, Land, etc.

Finance, Land, etc

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Central and Eastern

Table of stock prices for Central and Eastern.

Far West

Table of stock prices for Far West.

D.F.S.

Table of stock prices for D.F.S.

Diamond and Platinum

Table of stock prices for Diamond and Platinum.

Central African

Table of stock prices for Central African.

Finance

Table of stock prices for Finance.

Oil and Gas

Table of stock prices for Oil and Gas.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. An Alpha, B Beta, C Gamma, D Delta, E Epsilon, F Feta, G Eta, H Theta, I Iota, J Jota, K Kappa, L Lambda, M Mu, N Nu, O Omicron, P Pi, Q Rho, R Rho, S Sigma, T Tau, U Upsilon, V Phi, W Psi, X Xi, Y Yota, Z Zeta.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional & Irish Stocks.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Attention switches to D-Mark

ATTENTION ON the foreign exchanges yesterday turned towards the D-Mark and the European Monetary System as the dollar and sterling appeared to be going through a phase of consolidation after a bout of weakness.

The French franc had a slightly firmer tone against the D-Mark, following comments made on Tuesday by Mr Pierre Berezogov, French Finance Minister. He told Parliament in Paris that if there is a realignment of the EMS this franc would be revealed in line with the D-Mark.

STERLING INDEX

Table showing Sterling Index values for various countries and currencies, including US Dollar, Canadian Dollar, and others.

CURRENCY RATES

Table showing currency rates for Sterling, US Dollar, Canadian Dollar, and other major currencies.

CURRENCY MOVEMENTS

Table showing currency movements and percentage changes for various currencies.

OTHER CURRENCIES

Table showing rates for other currencies such as Argentine, Australian, and Hong Kong dollars.

MONEY MARKETS

Frankfurt unmoved

THERE WAS little reaction in Frankfurt to the result of this week's securities repurchase agreement tender held by the West German Bundesbank.

tic rates is becoming increasingly likely. The krone and the Belgian franc remained slightly above the lira, at the bottom of the EMS yesterday. The lira hovered around its cross rate limit against the D-Mark, but at times the Italian currency fell below this point and may have gained some support from the Bank of Italy.

The lira has not been helped by the failure of the Bank of Italy to raise its 13% per cent discount rate when other central banks followed the Bundesbank's move to increase rates earlier this month. The currency was trading at a seven-month low against the D-Mark yesterday.

The dollar was little changed overall in routine European foreign exchange trading yesterday. A weaker than expected figure on September US housing starts added to generally bearish sentiment created by the poor August trade fig-

ures. However, the market continued to watch Wall Street. A technical support point of DM1.9400 was touched, but the dollar bounced off this level to finish around the middle of the day's range at DM1.8510 compared with DM1.8530 on Tuesday. The US currency rose slightly to ¥141.65 from ¥141.45 and to SFr1.6260 from SFr1.6235, but eased to FFfr.2950 from FFfr.3000. On Bank of England figures the dollar's index fell to 63.7 from 63.5.

Sterling was firmer, rising against the dollar and D-Mark. Lack of economic news kept the currency on the sidelines, but it finished around its best level of the day against the German unit. Sterling rose 60 points to \$1.8885 and climbed to DM2.9450 from DM2.9325, to ¥225.00 from ¥223.75, to SFr2.5625 from SFr2.5700, and to FFfr10.0000 from FFfr9.9700. The pound's index rose 0.3 to 89.3.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various countries including Belgium, France, Germany, Italy, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table showing Pound Spot-Forward Against the Pound rates for various currencies and terms.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot-Forward Against the Dollar rates for various currencies and terms.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates for various currencies and maturities.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currency pairs.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 3 months and 6 months US dollars.

MONEY RATES

Table showing Money Rates for New York Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and maturities.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

Table showing LIFFE Long Gilt Futures Options data.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing LIFFE US Treasury Bond Futures Options data.

LIFFE EURO DOLLAR FUTURES OPTIONS

Table showing LIFFE Euro Dollar Futures Options data.

LIFFE SIBUR FUTURES OPTIONS

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Advertisement for CAL NEVER SLEEPS HOW CAN YOU? 24 HOUR FX 01-799 2020. Includes contact information and a logo.

Advertisement for AFB MEMBER. Includes logo and contact information.

Advertisement for CROSSWORD No.7,067 Set by CINEPHILE. Includes crossword puzzle grid.

Advertisement for JOTTER PAD. Includes logo and product information.

Advertisement for MOTOR CARS. Includes logo and text about high profile motor cars.

Advertisement for BASE LENDING RATES. Table showing various bank lending rates.

Advertisement for BUSINESS SOFTWARE. Text about business software advertising.

WORLD STOCK MARKETS

Table of World Stock Markets including sections for USA, FRANCE, GERMANY, ITALY, SWITZERLAND, CANADA, and JAPAN. Each section lists various stock indices and their values.

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Advertisement for Financial Times featuring the headline 'Keep the world in focus.' and text describing the publication's global reach and analytical depth.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, volume, and market data for various companies and indices. Includes columns for stock symbols, prices, and market statistics.

Advertisement for 'The world's first King Size Filter cigarette' featuring a pack of 'Redington King Size' cigarettes.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, and Change. Includes a section for '30 Day High Low Stock Div. Yld. % High Low' and a '30 Day High Low Stock Div. Yld. % High Low' section.

NASDAQ NATIONAL MARKET

3pm prices October 18

Table of NASDAQ National Market listing various stocks with columns for Bid, Ask, and Change. Includes a section for '30 Day High Low Stock Div. Yld. % High Low'.

AMEX COMPOSITE PRICES

4pm prices October 18

Table of AMEX Composite Prices listing various stocks with columns for High, Low, and Change.

Table of NASDAQ National Market listing various stocks with columns for Bid, Ask, and Change.

Advertisement for SCANDIC CROWN HOTEL with text: 'It's attention to detail... SCANDIC CROWN HOTEL'.

